# TIMELINESS AND QUALITY OF PROCESSING CLAIMS FOR COMPENSATION, PENSION, AND INSURANCE IN VA REGIONAL OFFICES

## HEARING

BEFORE THE

SUBCOMMITTEE ON

COMPENSATION, PENSION, AND INSURANCE

OF THE

## COMMITTEE ON VETERANS' AFFAIRS

## HOUSE OF REPRESENTATIVES

ONE HUNDREDTH CONGRESS

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# TIMELINESS AND QUALITY OF PROCESSING CLAIMS FOR COMPENSATION, PENSION, AND INSURANCE IN VA REGIONAL OFFICES

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THURSDAY, MAY 26, 1988

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON COMPENSATION, PENSION, AND INSURANCE,
COMMITTEE ON VETERANS' AFFAIRS,
*Washington, D.C.*

The subcommittee met, pursuant to notice, at 9:05 a.m., in room 334, Cannon House Office Building, Hon. Douglas Applegate (chairman of the subcommittee) presiding.

Present: Representatives Applegate, Penny, Evans, McEwen, Wylie, and Bilirakis.

## OPENING STATEMENT OF CHAIRMAN APPLEGATE

Mr. APPLEGATE. The subcommittee will come to order. Good morning ladies and gentlemen.

We are meeting this morning to hear from a number of witnesses regarding the timeliness and quality of processing claims for compensation and pension in the Regional Offices of the Veterans' Administration Department of Veterans' Benefits.

As I have stated on other occasions, I am concerned that, due to continuing cutbacks in staffing levels, the VA's adjudication division remains unable to meet timeliness standards while maintaining acceptable levels of quality in adjudication of veterans' claims. There can be no doubt that further cuts in staffing levels would be disastrous.

The Veterans' Affairs Committee has recommended that staffing levels be increased, but the budget resolution passed by the House doesn't contain the desired increases. We intend to pursue our efforts to see that the Veterans' Administration has the necessary tools to work with. I believe that the Agency is making progress in improving its claims processing, and that its employees are dedicated to meeting the needs of veterans, but as we will hear, there is a lot of room for improvement.

I've asked the Chief Benefits Director to provide the subcommittee with updated information regarding the Department's efforts to improve on its timeliness, as well as current data on actual claims processed.

I have also asked the veterans' service organizations to provide the subcommittee with their views on the current performance of the adjudication activity regarding both quality and timeliness of

decisions. I'm looking forward to hearing from all the witnesses. I certainly thank you all for being here.

[The prepared statement of Chairman Applegate appears on p. 39.]

Mr. APPLEGATE. At this particular time, I would normally recognize the vice chairman of the committee, Mr. McEwen. However, as you can plainly see, he is not here. But he is on his way. That's my understanding. We will recognize him when he does come in.

Also, on the Democrat side, we have Mr. Lane Evans.

Mr. Evans?

## OPENING STATEMENT OF HON. LANE EVANS

Mr. EVANS. Thank you, Mr. Chairman.

I thank you for calling this important hearing on the quality and timeliness in due process at the Veterans' Administration. We had an opportunity to look at this issue last year. I'm interested in learning just what progress has been made.

I am pleased that you have called Mr. Vogel before us and that you will also be hearing from many of the veterans' service organizations. I think they can provide us with firsthand information on just how the VA has been serving our veterans. We appreciate the fact that you're holding the hearings, and the appearance of all these witnesses. We look forward to the testimony.

Mr. APPLEGATE. Thank you, Mr. Evans.

Well, our first witness this morning will be, of course, the ever popular and well known John Vogel, who is the Chief Benefits Director of the Veterans' Administration. John will be accompanied by Bob Scholendorn, Associate Director of Field Operations, and Mr. Grady Horton, Program Management.

Let me say, before you begin, that our very famous vice chairman has shown up. If you have anything you'd like to say, Mr. Vice Chairman, I'd recognize you at this time.

## OPENING STATEMENT OF HON. BOB MCEWEN

Mr. MCEWEN. Thank you, Mr. Chairman.

I will say that at our prayer breakfast this morning, I was sitting beside the chairman of the full committee. Three times I started to get up to come here. Three times he reached over and tapped me on the knee to relax and sit down. So I did. That is why I'm late, so you talk to Sonny Montgomery.

I congratulate you, as always, on the hearings on quality and timeliness in the adjudication process at the VA Regional Offices and its Central Office.

In reviewing much of the material and statements before us, I have come to some tentative conclusions which I hope to see clarified as a result of this hearing. They are:

VA needs more well-trained employees in its adjudication process; VA understands the necessity for high quality adjudication decisions; VA has a statistical quality review system that is often not very will understood by many of its publics. VA sees the results of its quality control system in one light and some of the public see it in another; VA has a very necessary production measuring system for its employees, but some of the public see it as causing a lessen-

ing of quality decisions while others see it as something of a "sweat shop."

Mr. Chairman, I note that the VA will submit statistical material to us this morning with respect to the errors found at its Regional Offices. It will submit material as to timeliness of its actions. When we have carefully examined this material, together with the testimony of our other witnesses, we will be in a position to ascertain our future course of action.

Mr. Chairman, I note that there are some 13,000 Department of Veterans' Benefit employees across the country. I am persuaded that they do good work often under great stress and great strain. I would hope that these hearings will not cast aspersions on them, but rather will give us more insight as to how improvements can be made to better serve veterans and their dependents.

We can be a helping hand to them. Then, and only then, will the true facts come to light. We can join hands to do what is best for America's veterans. If we are adversarious, reluctant, defensive, and if we cloud the facts as they are uncovered, then we will do no one a service, not the Congress, not the Veterans' Administration, not the veterans.

Mr. Chairman, I submit my willingness to be of every possible assistance to you. I look forward to our hearing today. Thank you.

[The prepared statement of Congressman McEwen appears on p. 40.]

Mr. APPLEGATE. Thank you very much, Mr. McEwen.

Now we have before us John Vogel, and his associates. John, you may proceed.

## STATEMENT OF R. J. VOGEL, CHIEF BENEFITS DIRECTOR, VETERANS' ADMINISTRATION

Mr. VOGEL. Thank you, Mr. Chairman.

I'd like to make an abbreviated statement, and ask that the full statement be placed in the record.

Mr. APPLEGATE. Without objection.

Mr. VOGEL. In addition to Grady Horton and Bob Scholendorn, I have with me Jack Thompson, the Assistant General Counsel of the Veterans' Administration.

I'm pleased to be here this morning to discuss the timeliness and quality of processing claims for compensations and pension in the Regional Offices, and staffing resources for the Department of Veterans' Benefits.

Veterans deserve and have an efficient, just, and compassionate system of claims resolution which carefully protects due process. Of the more than 5 million claims decided in fiscal year 1987, fewer than 1 percent were appealed to Board of Veterans' Appeals. BVA reversed the Regional Office in only 1/10 of 1 percent of the total number of claims. We believe this indicates both the quality of our service to veterans and general satisfaction with the present claims processing system.

Recent congressional hearings have highlighted a number of program management challenges. I can assure you that as problem areas are identified, solutions are sought. I am submitting for the record a list of almost 50 management initiatives that have been

accomplished or are currently underway in the Department of Veterans' Benefits.

Because the challenges associated with effective resource allocation and resource management directly impact the timeliness and quality of benefits delivery, I would like to describe some specific actions taken in both of these vital areas. To improve timeliness, we have evened-out the workload associated with the annual pension income-verification process. We are also working to correct the longstanding problems we have experienced in obtaining service medical records from the Department of Defense organizations.

In addition, we are helping the national veterans' service organizations train their service officers. We are conducting special training sessions for our own personnel.

Other initiatives underway in the timeliness area include: Automating the exchange of data between Regional Offices and the Medical Centers; refining the computer programs that process data matches and legislative rate increases; and initiating a far-reaching ADP modernization, an office modernization program.

We expect that all these measures will help us reverse the current downward trend in the timely processing of compensation and pension claims. I am pleased to report there has been no drop in the level of quality of claims processing.

Several methods are used to ensure that adjudication personnel apply all laws, regulations, and procedures correctly and consistently. One of the basic methods is multiple reviews. As a further safeguard, we rotate adjudication personnel periodically to obtaining uniform rating and authorization decisions.

We also promote accuracy and consistency through supervisory reviews in the adjudication divisions, station Quality Review Committee samplings of those reviews, and quality and consistency control reviews at the national level. Additionally, these national reviews pinpoint areas which require Central Office action such as issuing guidelines, scheduling training sessions, or conducting on-site visits.

At this point, I would like to clarify some misconceptions about quality control, primarily, the recurring theme that our SQC validation program is a method of catching all erroneous cases. It is not. It is a management tool for detecting problems in overall program performance. Another misconception is that favorable action on an appellate issue by the Board of Veterans' Appeals somehow represents the correction of an "error" made by the Regional Office rather than a different judgment concerning facts in the case.

Mr. Chairman, I would now like to turn to the other important area of interest reflected in your invitation letter—reductions in force, layoffs, and hiring freezes within DVB in 1988. There will be no reduction in force or layoffs in DVB during the current year. A department-wide freeze on employment that was imposed in January has been lifted because additional funds have recently been made available. We expect to achieve employment of 12,915 for the current fiscal year.

In closing, I want to assure you that all of our personnel are held accountable for the quality of their work. I believe that our claims processing system ensures that benefits are rewarded in an effi-

cient, just, and compassionate manner. A statement of program accomplishments for fiscal year 1987 is being submitted for the record and is a summary of the compensation and pension workload data. I have that with me and would like to submit that.

[The information appears on p. 49.]

Mr. VOGEL. I am especially proud of all that we've achieved in the delivery of benefits and services to our deserving clientele.

Finally, I wish to acknowledge the invaluable assistance we receive from the veterans' service organizations.

Mr. Chairman, I would be pleased to answer any questions you or the other members of the subcommittee may have.

[The prepared statement of Mr. Vogel appears on p. 42.]

Mr. APPLEGATE. Is that it?

Mr. VOGEL. Yes, sir.

Mr. APPLEGATE. You've concluded. Okay.

John, you had mentioned that there will be no layoffs or cutbacks of personnel. Have you requested additional personnel? Have you asked for more monies to hire more people?

Mr. VOGEL. We recently had additional funds made available due to the change in the way the State approving agencies were funded. Previously, they were funded out of the general operating expense account. By action of Congress, they can now be funded out of the readjustment benefits account. That made available to us some $8.4 million which has been spread across to meet program needs. The bulk of that is going into employment, part of the rest of it into ADP initiatives and better telephone systems for our Veteran Services Divisions in the field.

Just this week, we informed the Regional Offices that the freeze is off and that they may hire. A few who are at an appropriate staffing level will not be given the authority to do so. But across the board, we will regain some of the lost personnel we had, largely in the clerical area, from the freeze that lasted nearly six months.

Mr. APPLEGATE. What do you think that the Department needs?

Mr. VOGEL. What we continue to need, and I think we have it within our power to do it, is to increase our efforts to automate a lot of processes which are now manual and highly labor intensive, especially in the area involved—not a matter of direct concern to this committee, but I am sure that is a matter of concern generally—and that's the loan guaranty program. There are a number of data exchanges that we can effect which would bring about improved timeliness of our service.

Frankly, we have had a personnel turnover in the adjudication divisions at about twice the level experienced in previous years. About 20 percent or more of our adjudication personnel are trainees. That has been a bit of a drag. We expect those employees with training to bring their talents to bear and improve in our general processing.

Mr. APPLEGATE. You mention about adding things. How about personnel?

Mr. VOGEL. We will restore some of the personnel we lost during the imposition of our freeze which we were compelled to—

Mr. APPLEGATE. But above and beyond that though.

Mr. VOGEL. Above and beyond that, there are probably a few areas in which additional personnel could, in fact, have a direct impact on the improvement of the timeliness of benefits delivery.

We've been especially taxed in the recent past by losing the clerical personnel who do the development work and help us control our case load. We've been in a situation, very frankly, of very poor labor economics where higher graded employees had to do clerical work in lieu of otherwise adjudicating claims. We expect to make a restoration of that. The action of the Congress will go a long way towards helping us restore the staffing levels in the adjudication divisions.

Mr. APPLEGATE. Well, a lot of your statement is very reminiscent of what it was a year ago. I can understand that.

As examples: Last year you said that you were staggering the release of the income questionnaire; that you were in the process of automating the exchange data between Regional Offices and the Medical Centers; and that you had initiated a program to modernize ADP programs and equipment.

What I feel that I need to ask is when are these initiatives going to be completed? And when will we be able to see some positive results of that?

Mr. VOGEL. We would expect that all of those ADP initiatives are underway. Some of them will be completed during this fiscal year or by the end or this calendar year.

The exchange of data between the Department of Veterans' Benefits and the Department of Medicine and Surgery has a big payoff. We would get more timely compensation and pension exams and notifications of admission discharge to VA Medical Centers. I've discussed this matter, in brief, with the Chief Medial Director who is in support of that effort.

We have a model station project underway in an attempt to expedite that. We have selected one Regional Office to allow them to commence an automated data exchange with a nearby Medical Center. We expect to have some results of that by summer's end.

Mr. APPLEGATE. By summer's end?

Mr. VOGEL. Yes, sir.

I should make that clear, Mr. Chairman. That would be for a particular Regional Office with a particular Medical Center. The challenge to truly link DM&S and DVB is a large one. The DVB data base—if I can get a little esoteric—is a centralized one. The medial centers are operated under a decentralized basis. It is easy to hook a Regional Office with a Medical Center. It is quite another matter to link a Regional Office with all of the Medical Centers. It can be done. It will take effort. I continue to work with the Chief Medical Director to effect that.

Mr. APPLEGATE. Could you expand somewhat on the type of training activities that are being implemented in the Regional Offices for VA employees? And is there any funding being provided?

Mr. VOGEL. Well, with that ability to have that $8.4 million available to support the general operating budget, we restored money into what is called a travel account. The travel account essentially is that which provides the training opportunities, the training for rating specialists, for authorization personnel. We will issue in very short order, within a week or two, a revision to the

procedures with respect to our committees on waivers and compromises. This will both make that more efficient and more responsive to the veterans who fall into a need to exercise those rights. We will also insure a new training guide for fiduciary and field examination personnel in our Veteran Services Division. That should be out shortly.

Mr. HORTON. We also were planning to have rating training for the new hearing officers this year, as well as property management training in our loan guaranty area and loan processing area. So we have three major training initiatives that are on the way, Mr. Chairman. We also are tentatively planning, if we can find the resources to do it, to have training for the adjudicators, technical type training.

Mr. APPLEGATE. Okay.

Speaking of the hearing officer, it is my understanding that you are setting up a new DVB hearing officer program. Is this going to be some sort of a super hearing officer that will supercede or replace the three man Rating Board concept now? It just looks like he, from what we understand, is going to have a tremendous amount of power.

Mr. VOGEL. The individual officer will have no more authority than the three-person Rating Board. Typically, cases on appeal for which veterans ask hearings are in the compensation and pension area, largely having to do with rating issues. They have no more authority than a three-member board had.

That decision stemmed from a consent decree in a suit where the judge ruled that it was improper to have certain hearings conducted by individuals who participated in the original decisions. In order for us to effect that, we went to a single hearing officer. A lot of our offices are so small that we can not constitute a separate rating board. So a single hearing officer, with the ability to bring others into the hearing if he or she so needs it, will hear the case on appeal and will have the same authorities that the previous three person hearing group had.

We will have that up on a pilot basis in three of our Regional Offices before summer's end. We expect to have some 37 or so hearing officers in place, trained in the uniformity of the procedures and the principles, by the beginning of next fiscal year, or October 1st.

We think we are being responsive to the suit *Semenchuk* v. *Walters*. That will enable us to continue to afford all the due process rights that our veterans deserve to obtain.

I might indicate, Mr. Chairman, if I may, that consent decree was entered into in the State of Illinois. We could have narrowly construed that and only applied that in the State of Illinois. We think that the principle set forth was a good and valid one. My judgment was that it should be made for national application. That is what we have done.

Mr. APPLEGATE. Are you able to absorb this all within your present funding mechanism? Are you going to request more?

Mr. VOGEL. We believe we can, in fact, absorb that. The hearing officers typically will come from the present Rating Boards in our Regional Offices. Prior to the implementation of this, any hearing

was conducted by three individuals, typically by two lay rating specialists and a medical officer.

Only one individual will hear certain cases, thereby freeing up some of the time the other two might have spent in the conduct of those same hearings. If the demand exceeds our ability to respond, we will expand the number of hearing officers. We based that staffing level on the 1986 and 1987 actual experience of the number of hearings.

Mr. APPLEGATE. Will you be reducing the number of Rating Board members though?

Mr. VOGEL. That would really be a matter for a Regional Office Director and Adjudication Officer to decide. They may, in fact, be able to reduce the Rating Board in an office of some size such as—

Mr. APPLEGATE. But that is a fair assumption, and it may happen. If it does, what happens to the timeliness and the quality?

Mr. VOGEL. We think that this is a case of our not only improving the level of service, but frankly being able to free up, to some extent, rating specialists who would have otherwise not been on the Boards rendering decisions, but rather participating in the hearings. We think this is a good news story on both sides of the issue.

Mr. APPLEGATE. Okay.

I probably will have some additional questions that we may want to submit to you for the record. We will do that.

Mr. VOGEL. We would be pleased to respond, Mr. Chairman.

[The information appears on p. 157.]

Mr. APPLEGATE. We have a copy of your circular 20-88-7 on Strategic Planning Guidance for Fiscal Year 1990. It deals with what you describe as major issues dealing with benefits and how they are delivered. Since it does address quality and timeliness, without objection, I would like to have this entered into the record.

You are familiar with your circular?

Mr. VOGEL. I certainly am, sir.

Mr. APPLEGATE. Okay.

[The information appears on p. 58.]

Mr. APPLEGATE. Mr. Evans?

Mr. EVANS. Thank you, Mr. Chairman.

I'd like to also talk about the new hearing officer position. This really seems to be a major change from long established policy. Is it only just because of this suit that you have announced this new position?

Mr. VOGEL. I would say that we are being responsive to the suit for certain, Mr. Evans.

It is a departure. However, there are a number of other Federal agencies that deal in the kinds of issues that are at least analogous to ours who have single individuals empowered to hear cases with claimants on issues that are appealable.

Mr. EVANS. Were any other options considered? If they were is there—

Mr. VOGEL. There were, Mr. Evans.

One option would have been to take three other rating members—to give you a case in point. Our Regional Office in Salt Lake City has two laymen and a physician on the Rating Board. That is it. If a veteran today asked for a hearing, in order to put together a

separate Board that did not participate in the original decision, we would have to take three rating specialists and send them from some nearby office of some size, such as Denver or Seattle, to Salt Lake to conduct the hearing.

We thought that would be both an expensive proposition, and we frankly don't have the staff to do so. We thought that a single hearing officer was fully responsive to the *Semenchuk* case. We will have hearing officers at large offices who will not travel, such as the Regional Office in your home State, Mr. Evans. It is a large office. One of our individuals from the Chicago office may, in fact, travel to some offices of some smaller size and do hearings.

Mr. EVANS. Well, did you do any memorandums? Are there any memorandums that exist within the VA that describe these options? I think it might be useful for the committee to have such documentation.

Mr. VOGEL. There are. There were discussion papers given to me by Mr. Horton, members of the Compensation and Pension and, frankly, the Education staff, too, which were talking papers.

Mr. EVANS. Would you submit those to us for the record of this hearing?

Mr. VOGEL. We would be pleased to do so.

[The information appears on p. 61.]

Mr. EVANS. You are announcing this today. Are you actually announcing this generally to the veterans out there?

Mr. VOGEL. Yes.

Before we took any action on that, I met with the staffs of both the Senate and House Veterans' Affairs Committees. We ran it by them for a reaction. We briefed with the national service organizations on that issue, a special briefing, to elicit their reaction and response. Not long ago, we issued a DVB circular which outlines those procedures. That was for national dissemination. It is for guidance for our Regional Offices and for guidance and information to the veterans' service organizations who represent so many of our veterans in claims, in hearings, and in the general work of representation.

Mr. EVANS. I understand that when the VA sends out a letter that is sent with a statement of a case, it tells a person that he or she only has 60 days to respond. It basically says that "If we do not hear from you within 60 days, we will assume you did not intend to complete your appeal, and we will close our records." But by law, an individual may well have more than 60 days from the letter since they have 1 year from the date of the initial denial by the VA to perfect an appeal. So is there going to be any correction of this?

Mr. VOGEL. We are looking at all of the notification letters that have to do with appeals. That same phrase is used throughout a number of our notifications to veterans.

What it says is something like this. We need some additional evidence from you. And we describe it. We prefer that you submit it within 60 days, or in any event, within a year. They do have a year. They know they have a year. We are encouraging them to submit it at the earliest time, preferably within 60 days. They are not at all prejudiced by that notification. If that evidence is, in fact,

submitted on the 364th day of that notification, benefits could be awarded back to the date of the original claim.

Mr. EVANS. Well, fine. But I understand the wording is "If we do not hear from you in 60 days, we will assume you do not intend to complete your appeal, and we will close our records." Is that, in effect, an interim clause so that someone who passes the 60 days may feel, well, I've blown this appeal, therefore I may as well not even submit the—

Mr. VOGEL. That same notification says that they have a year.

Mr. EVANS. Well, do you have to be a Philadelphia attorney to understand what should be in plain English from the Veterans' Administration?

Mr. VOGEL. I think the volume of the appeals and the hearings would indicate that that is not a particular problem.

I have asked, Mr. Evans, that we review all of the notification documents having to do with the general spectrum of due process. We are doing so just to make sure that you don't have to be—to use your words—"a Philadelphia attorney" to understand it. We believe it is clear.

The General Counsel of the Veterans' Administration, Mr. Ivers, came to me some time ago and said, "Let's read this over again." We were looking at that notification paragraph. We both agreed that it could, in fact, probably be clarified somewhat. We are undertaking to do that.

Mr. EVANS. Mr. Chairman, I have several other additional questions I would like to submit in writing. If I could do that.

Mr. APPLEGATE. Sure. Absolutely.

Mr. EVANS. Thank you.

Mr. APPLEGATE. Thank you, Mr. Evans.

Mr. Wylie?

Mr. WYLIE. Thank you, Mr. Chairman.

Thank you for an excellent statement this morning, Mr. Vogel. Overall, I feel that you do a very good job in a very difficult task.

All of us on this panel are interested in the quality and the timeliness of the VA services, of course, and especially in what goes on in the VA Regional Offices which are directly of a concern to us. I notice in some of the testimony that is coming up later on, especially from the Vietnam Veterans of America, that they are particularly critical. A common theme in their testimony is that you are sacrificing quality for productivity. How would you answer that?

Mr. VOGEL. I'd be pleased to respond to that, Mr. Wylie.

First of all, I can't and won't apologize for our expectation that our employees be productive. We expect and demand that veterans be provided high quality service first, in a productive environment. We try to give our employees all the tools that we can reasonably make available to them to assure that both of those things happen by training of employees, the assistance of information systems, and computer equipment. We don't think that we sacrifice quality for productivity.

Any organization or any manager, inside of the Government or outside of the Government, reasonably expects that a quality product be produced and that it be done in a productive manner. All the contemporary writings in management, such as, "In Search of

Excellence" and other treatises on management say that very same thing. Quality is first. You do so in an environment which is productive.

As Federal managers, we are obligated to get from our employees good production without sacrificing quality. It is the public money that pays the salary of me and all of the 13,000 employees in the Department of Veterans' Benefits. We think we are being prudent in asking that our employees produce quality work in a timely fashion.

Mr. WYLIE. You have 58 regional claims offices now?

Mr. VOGEL. That is correct, Mr. Wylie.

Mr. WYLIE. How many claims do you get a day at those offices?

Mr. VOGEL. I don't know what the claims activity per day is. I could provide it for the record. I can tell you that right now in the compensation and pension area there are some—I may have that here.

Mr. WYLIE. A ballpark figure. I won't hold you to the exact amount.

Mr. VOGEL. There are in excess of one-quarter of a million cases pending in our 58 Regional Offices right now. About 240,000 claims are pending right now, cases that are in the adjudication divisions needing to be adjudicated.

Mr. WYLIE. We get a tremendous amount of mail on claims in our district office in Columbus. I have a feeling that that is only about 1/100 of all the number of claims that are filed. I was just trying to get a figure on how many claims are being filed on a daily basis, or a weekly basis, or a monthly basis at the present time.

Mr. VOGEL. The volumes are indeed high. Last year, we rendered five million decisions.

Mr. WYLIE. Some five million.

Mr. VOGEL. Yes. About five million decisions having to do with compensation, pension—of course, that is live and death claims—with matters related to education, rehabilitation, and insurance.

Mr. WYLIE. Yes, of all kind. I am talking about claims of all kind. Now what is the average turnaround time? I realize that there are different kinds of claims. There are claims for compensation, as you suggest, claims for pensions, claims for insurance, whatever.

Mr. HORTON. These are information on claims filed, Mr. Wylie. We are running in the neighborhood of 160,000 to 170,000 original compensation and pension claims filed per quarter.

Mr. WYLIE. All right.

[The information appears on p. 69.]

Mr. HORTON. This is across all the regions.

Mr. WYLIE. About 160,000 are filed every 3 months.

Mr. VOGEL. Just in original compensation.

Mr. HORTON. Just originals. The adjusted claims are three or four times that high. We are in the neighborhood of 500,000 or 600,000 supplemental claims that come in a quarter.

Mr. WYLIE. Yes. I would assume that many of those are from World War II veterans.

Mr. VOGEL. A great number are, sir.

Mr. WYLIE. I filed a claim for GI benefits. That is the only one I have ever filed. But there is the unlikelihood that I might have to file one some day, right?

Mr. VOGEL. We trust that you won't. But if you do, you can be rest assured that the Cleveland Regional Office will—

Mr. WYLIE. I never had to use my GI Bill. Maybe I will take advantage of that sometime. That's another type of claim, right?

Mr. VOGEL. Yes, sir.

I am not sure when you served. I think I know when you served. I think the time is passed now for you to exercise that practice.

[Laughter.]

Mr. WYLIE. I was afraid of that. Do you mean there is a statue of limitations on that too?

Mr. VOGEL. Well, you had about 8 years to 10 years to do so, sir.

Mr. WYLIE. Well, I didn't get a real answer to my question.

What about the turnaround time on a claim for compensation? Is that usually the easiest kind of a claim, isn't it?

Mr. VOGEL. Compensation claims are the most difficult to handle so far as timeliness is concerned. The reason is that we need to obtain information from the Service Departments. We need to obtain service medical records. We may need to obtain hospital reports. We may need to obtain, ultimately, a VA examination. The process can take quite a long period of time. I can provide for the record the amount of time that it takes to process all of those within certain time frames.

I can tell you that generally speaking we have 28 indicators of timeliness. Some time ago, we were meeting a minimal acceptable level of performance in about 11 of those categories. Today, there are only four categories where we are meeting our untimeliness standards. We have had slippage in timeliness. We want to turn that around. It will take a little while to do so. We expect to turn that around.

I can provide that breakdown for you. I may have part of that here, if I thumb through and find it. All right, I have it Mr. Wylie. For the 12 month period ending January 31, 1988, an original compensation claim took 147 days. An original pension claim took 107 days. An original dependency and indemnity compensation claim took 97 days. An original death pension claim took 69 days.

Mr. WYLIE. Some 147 days.

Mr. VOGEL. In the past periods, that period of time was somewhat shorter than that.

Mr. WYLIE. Okay.

Now what is the cause for the slippage in timeliness? You said in past times it was somewhat shorter.

Mr. VOGEL. The causes are many. The amount of time it takes to obtain from a VA Medical Center an examination for compensation and pension service is stretched out a bit. We have some Medical Centers that take in excess of 100 days to get us an examination. Some are down in the neighborhood of 30 days. Getting records from the Service Departments is a time consuming process.

Very frankly, in the past six months or so, with a freeze in place, the number of employees who do what we call developmental work—that is they are clerical personnel who send out for all those records—has been down in numbers. So we haven't been on top of

those claims as rapidly as we'd like to. That's an internal cause for certain. We hope to restore the staffing level in the development claims area in short order, especially with the lifting of the freeze.

But it takes a period of some time to work out of that. You don't see results on such things in a month or two. In fact, it can take three months to six months to see results of that because all the claims that are in the pipeline have already been there a little longer than we would like to have them.

Mr. WYLIE. There is just a flat out huge increase in activity as far as claims are concerned. Isn't that correct? Right now, over the past year?

I relate to a specific example. We have an outpatient facility at Ohio State University in my district. It was constructed to provide for 40,000 visits a year by the year 1990. This year they will process 90,000 visits. Nobody every anticipated that many outpatients coming in. Isn't that one of the problems that you have? You have overloaded the system?

Mr. VOGEL. With respect to the Department of Veterans' Benefits, the activity level at that clinic being higher than was projected may have an influence on our ability to get compensation and pension examinations conducted at that facility.

We are seeing generally in the Veterans' Administration Department of Medicine and Surgery continued emphasis on the rendering of medical care on an outpatient basis rather than an inpatient basis. Their number is way up on outpatient medical care. They are certainly being taxed to provide that care in a timely fashion.

I don't have the numbers at my disposal since medical care is not directly under my jurisdiction. It is certainly a matter of concern to me. The inpatient veteran medical care in some areas is flat out or even declining, but the outpatient load—largely a reflection of the ability of medicine to provide outpatient medical care and to cure individuals of their ailments has caused bigger increases in the outpatient number.

Mr. WYLIE. Have you discussed what would be an ideal time for processing a compensation claim? Have you sort of brainstormed that in your shop?

Mr. VOGEL. We have goals for the timeliness of claims arrived at over time by a realistic assessment of all those processes that go into obtaining evidence and information to make an adjudication of a claim.

Mr. HORTON. Our goal is to do 90 percent of our original claims within 180 days. And 180 days doesn't sound like a very good standard if you are a veteran.

Mr. WYLIE. No. That is more than it is right now.

Mr. HORTON. But there is a great deal to do in that kind of a case.

Mr. WYLIE. You said a little earlier you are doing them in 147 days now.

Mr. HORTON. That's right. The 147 days was the average time, I believe.

Mr. WYLIE. For all.

Mr. HORTON. For all of them. But that doesn't mean that we are doing them all in 147 days.

Mr. WYLIE. You would look at 180 days as an outer limit for them.

Mr. HORTON. That's right.

Mr. WYLIE. One last question. I appreciate the consideration as to the extra time the chairman is giving me here.

You talked a little earlier about your biennial review of randomly selected claims folders. We are getting some claims that in those cases the procedure is considerably delayed. How many do you select on a randomly selected basis? Is there a percentage? I am referring to the fact—or I have an analogy in mind. I got a random review of my income tax return two years ago. It said I won the lottery. There wasn't any malice or forethought or anything. Do you have a lottery system or anything, or any way of selecting them?

Mr. VOGEL. We select them on a statistical basis based on the number of cases that are adjudicated in a given Regional Office. In the Cleveland Regional Office which serves your State, Mr. Wylie, we would call in a sample of cases proportional to that size. The number that may come in out of a smaller Regional Office, such as in Boise, Idaho, would be only a fraction of that called out of Cleveland. It is a statistically valid sample of the total workload. We do that two times in the year, as you indicate.

Mr. WYLIE. You did not quite answer my question. What percentage of all the claims that are filed are so-called randomly selected for biennial review?

Mr. HORTON. It would be a rather small percentage. I don't think we have that at hand. We would normally look at, in a station like Cleveland, about 150 cases in 3 different categories twice a year. So we would look at 300 of the claims coming through Cleveland.

Mr. WYLIE. And that is done on a semi-scientific basis?

Mr. HORTON. Well, the selection is scientific in that it is random. It comes out of our computer system.

Mr. WYLIE. And that does delay the review of the case or the processing of the claims.

Mr. VOGEL. Those reviews are typically done on cases adjudicated already.

Mr. HORTON. It is after the fact.

Mr. VOGEL. It wouldn't delay the case. A member of my staff tells me that this year we expect to review, on a national basis, some 18,000 compensation and pension claims. That's just the Central Office review of this.

Mr. WYLIE. One of the witnesses is going to say that you randomly select a whole lot of them and that holds up the process.

Mr. HORTON. The selection process, Mr. Wylie, is done on the basis of an end product. That means that basically we have completed that case. So that when we bring the case in to look at it, we have completed the action on it.

I might add that the whole review system is under review in Central Office. We are going to look at the whole process. We are going to hire a statistician to look at the way we do all of our reviews. Hopefully, we are going to come up with a better system that will encompass both Central Office SQC and SQC remaining as a viable entity out in the field. We are going to try to improve that system somewhat.

Mr. WYLIE. Thank you very much, Mr. Chairman.

Mr. APPLEGATE. Thank you, Mr. Wylie.

Before I recognize Mr. Bilirakis, and while I remember, I would appreciate it if you would submit for the record a copy of that 60 day appeal letter that Mr. Evans made reference to.

Mr. VOGEL. Yes, sir, Mr. Applegate. We certainly will.

[The information appears on p. 106.]

Mr. APPLEGATE. Mr. Bilirakis?

Mr. BILIRAKIS. Thank you, Mr. Chairman.

Mr. Vogel, I, too, would join with my fellow members in complimenting you and your staff. You are doing a relatively good job under tough circumstances. Obviously, improvements need to be made. You have acknowledged that. Your very, very good prepared statement—by the way, I certainly appreciate that and plan to spend some time with it. We do know that improvements have to be made. That should always be the case. We should always be striving to get better. There is no question about it.

Also, as long as I am complimenting here, I have noticed in our past hearings in every subcommittee that either someone in your status or someone pretty high up in the staff attends the entire hearing rather than just giving their testimony and walking out, which happens in many of our other committees. So I would ask you: Are you or a member of your staff planning to stay throughout the entire hearing here today?

Mr. VOGEL. We are, Mr. Bilirakis.

Mr. BILIRAKIS. Do you take notes on some of the things that are heard?

Mr. VOGEL. Yes, sir, although

The primary benefit of hearings is for the committee, there is a great deal of benefit that I and my staff can derive as well.

Mr. BILIRAKIS. I have noticed that. You all are very good about that. Hopefully, you can respond to us in writing your responses to some of the comments that some of the veterans' organizations might share with us.

Mr. Vogel, maybe I can, in my limited time, touch on one particular area. You referred to having decided more than five million claims in the last fiscal year. During that same year, 41,491 appeals of these decisions—fewer than 1 percent—were perfected to the Board of Veterans' Appeals. You said the Board reversed the Regional Offices in 5,270 cases, which is 1/10 of 1 percent of the total number of claims decided.

I guess that is a pretty good figure, depending on how we look at it. It is either a very strong indication of the quality of the service to the veterans—which is a part of your written testimony here—and it indicates general satisfaction of the present claims processing system. Or else, the process is breaking down somewhere along the line in terms of the quality of that appeal, if you will. So maybe I can get into that. I am not for one moment saying that that is the case, but I would like to find out for my own personal purposes. First of all, who makes up the Board of Veterans' Appeals?

Mr. VOGEL. The Board of Veterans' Appeals has some 21 sections. There is a chairman and a vice chairman. The sections deal with all issues whether it be compensation, pension, education,

committees, waivers, compromises, eligibility with respect to any benefits. The Board of Veterans' Appeals is independent of my Department, or the other two Departments for that matter.

Mr. BILIRAKIS. Yes, but who are these people, basically? Are they employees of the Veterans' Administration?

Mr. VOGEL. They are employees of the Veterans' Administration with, by law, a significant measure of independence to hear and decide cases that are presented to them on appeal. Mr. Eaton is the Chairman of the Board of Veterans' Appeals. I don't have at my disposal here the staffing levels, but they are laymen positions. They have the ability to obtain, if they don't have medical expertise resident on that Board of Veterans' Appeals, independent medical opinions. They are the ultimate decider on cases of appeal.

Almost all of the work done on the Board of Veterans' Appeals comes out of issues that are handled in the Department of Veterans' Benefits. Comparatively few come out of the other Departments. Some 12 percent to 14 percent of those cases are, in fact, ultimately allowed that are appealed.

Mr. BILIRAKIS. Well, what does one do? Make an application? Do I, for instance, when I decide to leave the Congress, if I want to serve on the Board of Veterans' Appeals make an application to the Veterans' Administration to serve on that?

Mr. VOGEL. Yes, sir. The full members of the Board are appointed by the President. It is not a partisan political matter, but it is an appointment by the President.

There are a number of staff attorneys, physicians, and support personnel that work on the Board of Veterans' Appeals. I know a number of individuals who work on the Board of Veterans' Appeals as full members or as legal members who, in fact, worked at one point in their career in the Department of Veterans' Benefits. Not all of them ever worked in any other part of the Veterans' Administration, but a significant number of them did.

The Chairman of the Board of Veterans' Appeals at one time—when he began his VA career as a comparatively young attorney—was a Veterans Claims Examiner at one of our Regional Offices. He came in and joined the Board of Veterans' Appeals and ultimately succeeded to the chairmanship.

Mr. BILIRAKIS. Did I understand you to say they are all appointed by the President?

Mr. VOGEL. No, the full members.

Mr. BILIRAKIS. Well, what is the distinction?

Mr. VOGEL. Well, they have it broken down into section. Each section is headed by a member. The Board of Veterans' Appeals, having a couple hundred employees, only have about 21 full members who are, in fact, appointed by the President. They have other members—Mr. Thompson may be able to cast some light on this, Mr. Bilirakis.

Mr. THOMPSON. As an alumnus of the Board of Veterans' Appeals, maybe I can channel some light.

Mr. BILIRAKIS. Are you a veteran, sir?

Mr. THOMPSON. I am, yes, sir.

There are 21 Board sections composed of 3 members each. A chief member, a law member, and, typically, a medical member if

the section handles medical cases. I think the Board is authorized up to 65 members under current law.

Mr. BILIRAKIS. So there are 21, 3 members each. That is what, 63?

Mr. THOMPSON. Yes, 63.

Mr. BILIRAKIS. But authorized 65?

Mr. THOMPSON. Yes. They have a couple in reserve.

Mr. BILIRAKIS. And 21 of those people are full members?

Mr. THOMPSON. There are 21 chief members.

Mr. BILIRAKIS. Chief members.

Mr. THOMPSON. Which, I believe, are at the same GS grade as the other members, but they are, in fact, the managers of the sections.

Mr. BILIRAKIS. And those are political appointments?

Mr. THOMPSON. All Board members are presidentially appointed upon the recommendation of the Administrator.

Mr. BILIRAKIS. All Board members. Okay. So all 63 or 65 when filled are basically political appointments.

Mr. THOMPSON. Yes, sir.

Mr. BILIRAKIS. Is there any sort of criteria applied by the Administration, whichever Administration is in office, whether or not they should be veterans? Are they all veterans? Do you know?

Mr. THOMPSON. I think they are not.

Mr. BILIRAKIS. Should they be?

Mr. THOMPSON. In fact, an informal requirement that they be veterans was successfully challenged in court by a female who aspired to Board membership who is not a veteran. So there is a district court case that struck down that requirement.

Mr. VOGEL. I might point out—

Mr. BILIRAKIS. I wonder if our veterans' organizations were aware of that and were involved in that particular case.

Mr. APPLEGATE. If I could interject just at this point, I think we are getting a little bit away from the subject matter.

Mr. BILIRAKIS. I know. We are.

Mr. APPLEGATE. We have three other panels yet to get into.

Mr. BILIRAKIS. Well, all right. I realize that. Maybe it should be, it is part of judicial review hearings.

All right. I am not even going to ask the question, but maybe for the record. I'd like an expansion of that particular area, Mr. Chairman. But we don't have to go into it here in the hearing. But I would like to have an expansion from them regarding that particular area.

I also would like to hear from you in terms of attorneys. At what point in time in this process does an attorney get involved? Also, whether or not we have staff attorneys—which my understanding is we don't—that are available to help veterans? And possibly, should we have staff attorneys who might be available to help veterans rather than have them having to go out and get an attorney? That sort of thing. If I might get something like that for the record, I would appreciate it.

Mr. VOGEL. Yes, sir.

[Subsequently, the Veterans' Administration furnished the following information:]

Although some DVB employees are attorneys, no DVB personnel function as attorneys during the processing of claims. The Board of Veterans Appeals does have

attorneys on their staff who assist the board members. We believe that the experienced corps of veterans benefits counselors employed by the VA, as well as the talented service officers provided free of charge by service organizations, are well suited to help veterans pursue their claims. As with DVB personnel who process claims, the counselors and service officers may or may not be attorneys. All, however, whether or not they are attorneys, are familiar with the laws, regulations, etc., involved in the processing of claims for VA benefits.

Mr. APPLEGATE. If the gentleman would yield just a moment too.

We will be having oversight hearings at a later time into the Board of Veterans' Appeals area. At that time, that would be good place to bring this up.

Mr. BILIRAKIS. I realize this is away from the immediate subject.

Mr. APPLEGATE. But we will be having the oversight. I want you know that.

Mr. BILIRAKIS. Yes. If we can get some of this information from them, it probably can help us maybe at least prepare for those oversights.

Mr. APPLEGATE. Absolutely.

Mr. BILIRAKIS. Thank you very much.

Mr. APPLEGATE. Is that it?

Mr. BILIRAKIS. Yes.

Mr. APPLEGATE. Mr. McEwen?

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. Vogel, you mentioned about the loss of personnel, not only clerical personnel, but adjudication personnel. Why was there such a tremendous loss? You said 50 percent of them, I think, are in training at the present time.

Mr. VOGEL. Well, the number is more in the neighborhood of 20 percent.

That loss is for multiple reasons. We had a large staff that came aboard in the days following World War II. A number of them are now—if they have not already—eligible to retire and are retiring. A typical turnover may be something in the neighborhood of half of that percentage in a given year. I think the fact that we've been in an employment freeze may, in fact, have some deleterious effect on the retention of some personnel because they are working hard, circumstances are trying—

Mr. MCEWEN. We are going to have to go vote here in about two minutes. I am sure that the chairman probably wants to dismiss the panel. So not to interrupt, but you are just saying that the freeze probably exacerbated the problem that was already there.

Mr. VOGEL. I believe in some fashion in has.

Mr. MCEWEN. All right.

How much of these records are on computer?

Mr. VOGEL. Well, with respect to compensation and pension, it is rather highly computerized in that the accounts—if I can refer to them in that bureaucratic term—are maintained in a central computer data base. It provides for a history of that file. It provides for payment by interface with the Treasury Department.

We work these claims by accessing a paper record. The important information with respect to service dates, eligibility, and payment amounts are entered into a computer master record, without which we would never be able to maintain and continue to process the volume of cases that we do and to maintain the active payment cases. We have 2.5 million veterans who are receiving compensa-

tions. Without a rather good and sophisticated computer system, we would never be able to do that with the present staffing we have.

Mr. MCEWEN. You didn't mention about reductions in staff. We are going to receive testimony than there has been anywhere from a 35 percent to a 45 percent reduction in staff over the last 10 years. Is that in the ballpark?

Mr. VOGEL. In the compensation and pension arena, it runs into that figure of 40 percent in the last 10 or 11 years.

Mr. MCEWEN. That has to create a strain, right?

Mr. VOGEL. It does create a strain. I might say it is a fact also that some of the claims activity is down.

Mr. MCEWEN. Around 14 percent is what it is according to testimony.

Mr. VOGEL. But we are not down 40 percent. I think, basically, it's a pretty good news story that the Department has been able to withstand and take those staffing reductions and still maintain the level of service. While we are not enthusiastic and proud of it, we are proud of our efforts. The fact that we—

Mr. MCEWEN. We are also going to receive testimony as to the degree of time it takes to review cases.

Let me just give you a couple of sentences. "When a VA exam was conducted, the review disclosed the number of days to process the type of claim was 178 days, 83 days longer than the statistic provided by the Regional Office." All of the service organizations say that the system is really backing up, clogging up significantly, and that these statistics we are receiving are not a true picture. I just need a 30 second response.

Mr. VOGEL. I will try to do it. We are measuring award processing times and overall claims processing times. The amount of time that it takes to process that all the way through from the date of claim to the date of award or disallowance should, in fact, and can, in fact, be much longer than the time it takes to process the claim once it is in the adjudication division of a Regional Office ready to be processed.

Mr. MCEWEN. I am just saying that they did some samples. They took what you told us last year was the length of time for review. They went back and checked some on their own and discovered that the times were significantly different. I just wondered if that is a possibility, a figment of their—

Mr. VOGEL. It is a possibility. I have no idea how they endeavored to come up with a sample on that not having seen the testimony. I will be interested in hearing that. Then, if I need to, discuss that with whatever service organization mentions that. I would like to follow up on it.

Mr. MCEWEN. Thank you very much.

Mr. APPLEGATE. Thank you very much, Mr. McEwen.

Thank you very much, John, and your panel. We appreciate you appearing before the committee.

We will recess for 15 minutes, during which time we will go vote and be back.

Mr. VOGEL. Thank you, Mr. Chairman.

[Recess.]

Mr. APPLEGATE. The subcommittee will come back to order.

We can get the show on the road. Our first panel will consist of Albert Bland, National Commander; Charles Williams, Executive Director of the American Ex-Prisoners of War; and Mr. Rick Schultz, Associate National Legislative Director of the Disabled American Veterans.

Al, you are number one on the list that I mention. We will let you begin.

## STATEMENT OF ALBERT J. BLAND, NATIONAL COMMANDER, AMERICAN EX-PRISONERS OF WAR

Mr. BLAND. Good morning. Chuck Williams can't be here this morning. He went to a doctor's appointment.

Mr. Chairman, and members of the subcommittee, on behalf of the more than 30,000 American ex-prisoners of war, I am pleased to have the opportunity to appear here today to discuss the quality and timeliness of the Department of Veterans' Affairs. I request that my written testimony be included in the record. I will give my oral presentation now.

There appears to be a failure in the system for follow-up of compliance with issue directors by the Department of Veterans' Benefits. The ex-POW is very concerned with the lack of consideration sometimes shown by Rating Boards, adjudication, and others in reviewing and acting upon claims of foreign prisoners of war.

Claims for service-connected by ex-prisoners of war veterans are simply not being given the benefit of doubt in many instances. We agree that when the results of physical examination are forwarded by the medical facilities without complete or proper summarizations as to the fact of diseases found, and are not considered to be residual to the prisoner of war experience, the Rating Board personnel are placed in a quandary. However, when such examinations are received and after rating activities, the cases should be returned to the medical facility and are not being adequately for rating purposes.

We find the Department of Veterans' Benefits personnel reluctant to give favorable consideration to requests of the Service office for an independent medical examination examiner in complex cases. We feel that such requests should be favorably considered. This would reduce the delay being experienced in the decisionmaking process.

We also are informed that some adjudication officers, when disagreeing with the Rating Boards, are reluctant to forward such cases to Central Office for Administration review for the lack of rocking the boat.

We are also concerned that the Department of Veterans' Benefits personnel be exposed to sensitization training as far as rating adjudication claims of ex-prisoners of war benefits services.

In my visits to the offices in Washington, Oregon, Maryland, Washington, D.C., and Florida, I find that it takes approximately 184 days to process a claim. We have one case of a Vietnam veteran that has been taken over two and one-half years to be processed and not completed. In Seattle, Washington, we found doctors are out there helping files so adjudicators can try to be up-to-date while working cases.

I have one case coming to me from the Florida panhandle. It is one of the worst cases of injustice ever to a prisoner of war according to a team of doctors from the Florida panhandle. I just learned of this case on the 24th of May. I am requesting that I be allowed to submit this case to the committee within the next two weeks, as soon as I return from traveling. That is my statement, sir.

[Retained in committee files.]

[The prepared statement of Mr. Bland appears on p. 107.]

Mr. APPLEGATE. Mr. Schultz?

## STATEMENT OF RICHARD F. SCHULTZ, ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

Mr. SCHULTZ. Thank you, Mr. Chairman, and members of the subcommittee.

On behalf of the more than one million members of the Disabled American Veterans, I wish to thank you for soliciting our views on the subject of timeliness and quality in processing of VA claims by Regional Offices.

Mr. Chairman, the DAV commends you on the timely exercise of your oversight responsibilities relative to the VA's ability to process compensation and pension claims. Clearly, this reflects the sincere interest and concern of the subcommittee for the manner in which our Government provides benefits to America's disabled veterans and their dependents.

As you know, Mr. Chairman, the DAV offers counseling and representation to all veterans, their dependents, and survivors in any claim they may pursue for benefits from the Veterans' Administration. In order to provide this service, the DAV employs approximately 260 full-time national service officers.

Mr. Chairman, as you know, since fiscal year 1978, the VA's Department of Veterans' Benefits has experienced nearly a 40 percent reduction in staffing at VA Regional Offices nationwide without a corresponding decrease in their workload. The devastating effects of continued staff reductions in DVB on timeliness of VA claims processing is perhaps best illustrated by the VA's own lower expectations in terms of percentages of original compensation and pension claims to be processed within a 90 day time frame.

In 1979, the goal for processing original compensation claims was that 75 percent would be completed within 90 days and 80 percent of the original pension claims were to be completed within that same 90 day time frame. The goals are now 50 percent and 70 percent respectively.

For purposes of assessing field office performance, however, it is acceptable to VA management if only 35 percent of original compensation claims and 55 percent of original pension claims are processed within 90 days. Fiscal year 1987 data reveals that only 31 percent of original compensation claims were processed within that time frame. Also, 25 percent of the original compensation claims and 12 percent of original pension claims were not being processed within the 6 month period.

Mr. Chairman, to illustrate the severe staffing problems being encountered at some Regional Offices, we provide an example in our prepared statement here that one of our NSO's, in checking

with the Vocational Rehabilitation Service in one of the Regional Offices to obtain the status of a claim, was informed that the Chief of Counseling in Vocational Rehabilitation was unavailable as that individual was working his required five hours in the mail room.

As you know, a GS–14 vocational rehabilitation specialist earns quite a bit more money than a file clerk. Due to the serve shortages in Regional Offices, we find that a lot of the higher trained personnel who are actually processing claims have to take time out of their schedules to take care of filing in the file room or working in the mail room. We view this whole thing as a problem resulting from the loss of FTEE.

Mr. Chairman, also, the end product measurement system—often referred to as the "end product syndrome"—continues to be troublesome to the DAV and many employees in Regional Offices. While we do not point an accusing finger at anyone, we must point out that the system evaluating performance of Rating Board personnel may be subject to misuse by individuals in an effort to achieve their end products.

For example, rating specialists may take the easy way out in certain claims by preparing a handwritten continued rating rather than authorize an examination or go through more time consuming methods.

Mr. Chairman, another area of concern to the DAV is the degree of training currently being provided to DVB's compensation and pension personnel, which we believe is seriously inadequate. In order to assure timely and high quality rating decisions, it is necessary, we believe, to allocate funding for this specific purpose. The Independent Budget for Veterans for Fiscal Year 1989, submitted by four congressionally chartered veterans' service organizations, has clearly and concisely addressed this issue. The DAV fully supports and endorses these recommendations proposed by the independent budget to address this serious matter and strongly urges the adoption of such recommendations.

As you know, Mr. Chairman, a new hearing officer position within the VA's appeal process is being established. While we are reserving judgment on the effectiveness of this new position, we must express our concern that the FTEE needed to staff these new positions will come from existing employees. The loss of these skilled Rating Board personnel underscores the urgent need for additional FTEE in DVB and the establishment of an effective training program.

Mr. Chairman, we are also aware that the VA's Chief Benefits Director has recently issued a circular setting forth strategic planning guidance for DVB's fiscal year 1990 budget. The DAV certainly agrees with the Chief Benefits Director assertion that "business as usual" cannot continue. Therefore, we look forward to an Administrative budget for fiscal year 1990 calling for realistic funding levels in DVB which will provide sufficient FTEE to provide high quality benefits determinations for our Nation's veteran population in a timely manner.

Mr. Chairman, the answer to providing quality and timely service is, in our opinion, quite simply, additional FTEE, training, and funding.

This concludes my statement, Mr. Chairman. I wish to again thank you for holding this hearing today.

[The prepared statement of Mr. Schultz appears on p. 114.]

Mr. APPLEGATE. Gentlemen, thank you very much.

I don't have any particular questions on your testimony. As always, it is always very succinct, very much to the point. You raise a lot of good questions with regard to the subject matter before us.

When you talk about the fact that we need maybe some additional personnel, we need something to be done in order to increase the effectiveness of the Agency, be it equipment, or personnel, or whatever it might be—and while we, of course, are an authorizing committee, and we can make recommendations—it also needs to have a pretty good push with the Appropriations Committee and with other committees to see that they will come through.

Who did we have on the Budget Committee and on the Appropriations Committee? Marvin Leath, of course. Marvin Leath has been a very strong advocate of pushing for programs for the veterans. I am sure that he would be somebody that would have an ear. I would suggest that it would be good for all the veterans' organizations to yield or use whatever influence that they can with the appropriate committees. Of course, we will do whatever we can on our part too. But I appreciate your testimony.

Al, the only thing I can say on what you had to say—you brought up a worst case—I would suggest that what you do, if you would, is submit that person's name and some information to us. We will look into it and see what possibly might be done to help.

Mr. BLAND. Well, the case was submitted to me. It is in the mail. I was going to bring it today and present it. I will present it as soon as it comes in.

Mr. APPLEGATE. When you get it, you bring it in and let me look at it.

Mr. BLAND. This was by a team of five doctors who have given over $1 million worth of hours to the POW's and the disabled vets in that area. They were appalled at the results of the tests on that, sir.

Mr. APPLEGATE. Well, you will see that I get it.

Mr. McEwen? Is that it?

Mr. MCEWEN. Yes.

Mr. APPLEGATE. Mr. Bilirakis?

Mr. BILIRAKIS. No questions.

Mr. APPLEGATE. Thank you very much.

Mr. SCHULTZ. Thank you, sir.

Mr. BLAND. Thank you, Mr. Chairman.

Mr. APPLEGATE. Yes.

Our second panel will consist of Mr. Sam Walsh, assistant director of the National Legislative Commission; Phil Wilkerson, assistant director of the National Veterans' Affairs and Rehabilitation Commission of the American Legion; and Mr. Noel Woolsey, national service director of AMVETS.

Is he here? Okay. Does anybody know whether he had any testimony or anything that he wanted to submit? He didn't mention anything. Well, do we have it here? Okay. Well, he was to be here.

Without objections, we will see that his statement is made a part of the record.

[The statement of Mr. Woolsey appears on p. 122.]

Mr. APPLEGATE. With that, Mr. Walsh, I named you first, so I will have you move forward.

Mr. WALSH. Thank you, Mr. Chairman.

Mr. Phil Wilkerson will present our summary statement this morning.

Mr. APPLEGATE. Okay.

**STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR, NATIONAL VETERANS' AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; ACCOMPANIED BY SAMUEL J. WALSH, ASSISTANT DIRECTOR, NATIONAL LEGISLATIVE COMMISSION, THE AMERICAN LEGION**

Mr. WILKERSON. Thank you, Mr. Chairman, and members of the subcommittee.

The American Legion appreciates the opportunity to present its views on the quality and timeliness of the VA's Department of Veterans' Benefits operation.

The American Legion believes very strongly that disabled veterans and their survivors are entitled to and deserving of a system whereby their claims will be adjudicated in a fair and compassionate manner without undue delay. It is therefore essential that the Department of Veterans' Benefits have the necessary resources to render decisions and to make payments of any benefits due promptly in order to achieve the measure of financial compensation and income support intended by Congress.

This subcommittee considered these problems in the delivery of benefits and the Agency's efforts to address them in the oversight hearing conducted in May of 1987. Mr. Chairman, we wish to commend you for holding this timely hearing to reexamine the activities of the Department of Veterans' Benefits and the operations of the adjudication divisions of the field offices.

In fiscal year 1987, over 4.8 million decisions were rendered by personnel of the adjudication division in the field offices of the VA. This heavy caseload is handled by a workforce which has continued to shrink over the past 10 years. Staffing has decreased 41 percent since 1978, dropping from 6,004 to 3,549. This represents a loss of some 2,455 positions during this period.

We note that a further reduction would be effected under the proposed budget for fiscal year 1989 with an overall reduction in DVB of 492 FTEE. In addition to the 248 FTEE to be cut from the Compensation, Service and Education Service, Veterans' Assistance would lose 73; Loan Guaranty, 75; Insurance, 49; Vocational Rehabilitation and Counseling, 11; and Support Services, 54.

Justification in the budget cites productivity improvements and an overall decline in workload as the basis for decreased employment. Given the overall size of the workload, and the fact that a minimum number of personnel is required to maintain a basic level of operation, it is difficult to see how the projected productivity increases can be achieved through decreases in numbers of employees at the Regional Offices.

The direct impact of reduced staffing levels is graphically illustrated by the steady increases reported in processing times and the rate errors. With regard to the error rate, what is particularly disturbing to us is a continuing rise in the percentage of substantive errors. This type of error is defined as an incorrect action or clearly erroneous decision affecting entitlement rights of veterans and dependents which, if uncorrected, would result in the improper grant or denial of benefits, including the right to constitutional process.

It appears the rise in the error rate as well as the deterioration in timeliness is directly attributable to the loss of many of the most experienced and productive personnel in the Regional Offices within the past two years. Large numbers of retirements have occurred among the cadre of senior adjudicators and Rating Board members. In the main, the employees replacing these individuals are dedicated and hardworking, but lack the overall level of expertise and knowledge which can only be gained through training and long experience. While DVB reports that much recent effort and attention has been devoted to training of its adjudication staff, we have not seen a corresponding improvement in quality.

DVB has utilized a number of means by which to achieve mandated staffing levels, such as attrition, retirements without replacements, and transfers. In our view, this process has contributed significantly to the deterioration in quality and timeliness in Regional Office operations since it does not produce a uniform result at each station. More often as not, staffing imbalances are created. These may be temporary or become chronic as the workload must be reallocated among the remaining staff. Thus, there are fewer and fewer people trying to accomplish the same level and quality of work with limited internal resources.

The Department of Veterans' Benefits is now in the process of implementing the consent decree in the *Semenchuk* v. *Turnage* litigation by establishing hearing officer positions to conduct personal hearings at Regional Offices. Personnel for these positions will be recruited from adjudication staff. This will undoubtedly further exacerbate the problems of quality and timeliness in many stations since qualified replacements are not readily available. The erosion of processing times and quality has continued despite a variety of management and technical improvements within DVB.

The anticipated benefit of improved timeliness in the processing of claims has not materialized from these efforts. Actual implementation of any major ADP improvements and the resultant contribution toward a reduction in the processing time is still some years away.

Mr. Chairman, the American Legion is deeply concerned that the field operations of DVB cannot effectively operate under current staffing levels. The evidence amply demonstrates that DVB is not even able to hold its own in terms of processing benefit applications in a reasonable, timely, and efficient manner under current staffing levels.

Mr. Chairman, that concludes our statement.

[The prepared statement of the American Legion appears on p. 127.]

Mr. APPLEGATE. Did you have anything you wanted to add to it?

Mr. WALSH. No, Mr. Chairman.

Mr. APPLEGATE. Okay. I thank you very much, Phil.

I guess the general theme seems to be that there is still a lot yet to be done in order to improve on the quality and the timeliness within the Agency. Noting, of course, that in the Adjudication Department they are down 41 percent, from somewhere over 6,000 down to about 3,600, which would reflect probably pretty much the same percentage in the number of personnel in the overall Bureau during that same period from about 18,000 down to about 12,600.

I think, though, at the time, as time went on, the idea was that that reduction would not be affected because of more sophisticated computerized technology that would replace that and be able to do the job. But, apparently, there seems to be pretty much an agreement amongst the veterans' organizations that it isn't doing the job, at least in accordance with the high level that they expect.

It seems that the only way that that's going to be corrected is that while we employ more sophistication in order to replace personnel, that along with more sophistication, we are going to need more personnel. That's going to have to be a job, once again, that's going to have to be pursued by all of the veterans' organizations as well as this committee to see that that takes place so that the Agency themselves will have that available to them.

I just wanted to make that comment. Other than that, I didn't have any particular questions. I will yield to my friend from Ohio, Mr. McEwen.

Mr. MCEWEN. Thank you, Mr. Chairman.

I have just one question. You are aware that there are shortages throughout the VA. Is this the worst? I mean, if we were going to put $40 million into the VA for personnel, what priority would this be?

Mr. WILKERSON. I am not quite sure if I understand your question, Mr. McEwen.

Mr. MCEWEN. Well, there's the Department of Medicine and Surgery. There's a whole series of areas in which there are shortages. From your analysis of the VA, how does this shortage in this Department rank on a priority list of yours? Is this the most important thing? Is this something that needs to be corrected immediately? Are there other places that need it worse?

Mr. WILKERSON. No. I would not say that there is an equal number of problems. Certainly, the Department of Medicine and Surgery's mission is to provide needed medical care, these are certain issues that cannot be ignored if you are dealing with life and death situations.

The Department of Veterans' Benefits has a different mission, which is none the less important since it likewise affects the lives of thousands of individuals and families. Therefore, they are likewise entitled to receive the benefits to which they are due.

Mr. MCEWEN. Okay, Phil.

The thing is, if we would take testimony on any Department of the VA the testimony would be very similar. They are doing the best that they can. They have good dedicated personnel. The services organizations will say that they are not quite hacking it. They will give examples of how people have to wait in waiting rooms,

and how people's claims are lost. Therefore, that is basically the overall picture that is painted.

If you concentrate on any particular area and say, what we need to do in this area is put in a whole lot more money. As we have each individual hearing, you can see where there are opportunities for improvement in each division. It is kind of hard for us to say, well, all of them are operating at 85 percent so, therefore, we are basically there. Or is one of them operating at 50 percent and the rest of the Department operating at 85 percent? That is what I am just trying to grasp at. I know it is a difficult question. If you don't feel comfortable in that, well, that is fine too.

Mr. WILKERSON. I would say that DVB has suffered perhaps substantially more than the other departments. The problem is that the reduced staffing levels over the years have confounded their ability to provide the services that they are supposed to. It is certainly time that some assistance be provided to them. You can't compare necessarily one department with another. It is a situation that has, I think, reached a critical level, as evidenced by the reports.

Mr. MCEWEN. Thank you, Mr. Chairman.

Mr. APPLEGATE. Mr. Bilirakis?

Mr. BILIRAKIS. Well, I guess I will just sort of hitchhike on Mr. McEwen's question.

I am curious. We have all admitted that improvements need to be made. Are we basically saying that since there have been dollar cuts, which means personnel cuts, that automatically this must have adversely affected the system? Or do we actually have evidence that the system has been adversely hurt over the last few years as against what it was prior to these cuts? Do you follow my question?

Mr. WILKERSON. Yes, sir.

Mr. BILIRAKIS. A lot of people say throw more money at a problem and you solve the problem. Are we saying there is less money therefore there must be a bigger problem? Or do we know that there is a bigger problem?

Mr. WILKERSON. The problem seems to stem from using statistical information, numbers of bodies, FTEE, that this number of personnel must be cut. It doesn't have a uniform result. When you actually get down to the individual stations and the numbers of personnel that are in the aggregate it will work out this way, but qualitatively, you have the loss of—in this particular example—your most senior, your most experienced personnel.

Mr. BILIRAKIS. But you see, Mr. Wilkerson, that's the whole point. You are telling me that since—and I don't believe that FTEE should be cut out of the Bureau, okay? But you are saying to me that since there have been cuts and since the Class of 46, as you refer to it in your prepared statement, is retiring that this is hurting the system.

What I am saying is: Are there statistics to show that, in fact, the efficiency, productivity, and the quality is less now than it was before all of these cuts? Or are we just saying well, it must have hurt the system because there have been FTEE cuts and dollar cuts? You may not have an answer, but I think this is really what I'm looking for. Do we see a drop in the level of quality of service

rather than just saying, it must have dropped because the dollars have dropped.

Mr. WILKERSON. I was going to say that we must rely upon the Veterans' Administration for their statistical data as to staffing, quality, and timeliness information. One can draw whatever conclusion you want from those. The conclusio, to our organization, seems obvious. There is a direct correlation between not only the number of personnel that have been lost within the Department, but the quality of the personnel.

Mr. BILIRAKIS. All right.

But you still haven't told me that you have evidence that the quality of service to our veterans has been adversely affected as a result of it.

Mr. WILKERSON. There again, we're not able to provide that sort of statistical data. But from experience, in terms of the quality of the types of decisions which we are seeing, based on information from our service officers—not by way of reports but, certainly, anecdotal—the quality overall has just suffered. The newer personnel are just not as proficient or don't have the necessary expertise. The problems have been compounded in many of the stations. This would be the basis for our conclusion.

Mr. BILIRAKIS. Is the VA using the wrong criteria in terms of hiring personnel? When you say that these newer personnel—certainly, they're less experienced, but you're always going to have newer personnel.

Mr. WILKERSON. That's true.

Mr. BILIRAKIS. You're always going to have older personnel who are ready to retire and do retire.

Are we using the wrong criteria in the process of the hiring?

Mr. WILKERSON. I'm not sufficiently qualified to comment directly upon that. However, I would say that with respect to training, even experienced personnel require training. I think that it becomes even more critical when there has been such a large turnover in the adjudication staff that they be provided the necessary resources to accomplish the training. I think they are committed towards providing high quality service and training, from our observation and our experience. It's necessary to be able to follow through on that, however.

Mr. BILIRAKIS. I think the answer to every problem is people. Certainly, it takes—part of your resources are money, but that's only part of your resources. The majority of it is people and how you may train them, as you say, criteria in terms of hiring. This is where we would like to get help from the veterans' organizations in terms of ideas and how we should be going about those things. That's why I talked earlier about the Board of Veterans' Appeals. To me, that seems to be one of the problems here. We always look at money. Money is important, but it's not always the only answer.

Thank you, Mr. Chairman.

Mr. APPLEGATE. Thank you, Mr. Bilirakis.

I would just like to recognize that Mr. Tim Penny, one of our valued members of this subcommittee, has come in. Tim, do have anything that you wanted to say?

Mr. PENNY. I don't have any questions.

Mr. APPLEGATE. Gentleman, thank you very much, again, for appearing before the committee.

Panel III is Mr. Gordon Thorson, representing the Veterans of Foreign Wars. Gordon, I got that right today. Mr. John Bollinger, the associate legislative director of the Paralyzed Veterans of America. Mr. Richard O'Dell, vice president, and Mr. Paul Egan, legislative director of the Vietnam Veterans of America.

Gentlemen, thank you very much for appearing before the committee. Gordon, you're in the middle, and you're the first name, so we'll let you start.

## STATEMENT OF GORDON R. THORSON, SPECIAL ASSISTANT, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS

Mr. THORSON. Okay. Thank you, sir.

Mr. Chairman, and members of this subcommittee, the Veterans of Foreign Wars is always pleased to participate during these important oversight hearings. We recognize the importance of monitoring VA activities to insure that our Nation's veterans receive the best possible service from money targeted for their benefit.

In our written testimony, we noted the billions of dollars spent on compensation and pension entitlements and compared that amount with the relatively small amount of money allocated to administer, monitor, and adjudicate these entitlement programs. The Administration would have us believe that everything is running smoothly in the Department of Veterans' Benefits, and even though it is taking longer to process a claim, quality will never suffer. Nonsense. The veterans' service organizations know better. This subcommittee knows better. And most importantly, veterans awaiting VA decisions know better.

Last year, on May 7th, we appeared before this subcommittee. We clearly stated our concerns. After contacting our Department service officers, and 39 of a possible 58 VA Regional Offices, we concluded that the Veterans' Administration was not providing an adequate level of staffing to properly adjudicate claims. Therefore, veterans were not receiving timely or quality service. Today, one year later, we appear after, again, contacting several of our Department service officers and field representatives. No improvement was noted, only further decline.

In some stations, adjudicators must take away from their decisionmaking to do work otherwise assigned to support staff—file work. This is totally unacceptable. Steps must be taken to shore up this declining service before it collapses from a lack of solid foundation. We submit that the guidelines offered in the combined service organization independent budget would be a reasonable and responsible step in the restoration process.

This subcommittee, and the full committee, has done an excellent job of providing for veterans' entitlement programs and overseeing the VA's administration of these programs. However, this committee doesn't directly control the Federal purse strings. That is the responsibility of the entire Congress and the Administration. They can be less than generous.

As advocates for this Nation's veterans, it becomes our responsibility to direct the attention of our constituency towards those ac-

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tually responsible for this steady decline in timely and quality services. The VFW will continue to push Congress and the Administration toward a more reasonable and responsible funding and staffing level within the VA's DVB activity.

Thank you.

[The prepared statement of Mr. Thorson appears on p. 134.]

Mr. APPLEGATE. Thank you, Gordon.

John?

## STATEMENT OF JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR, PARALYZED VETERANS OF AMERICA

Mr. BOLLINGER. Thank you, Chairman Applegate.

It's a pleasure for me to be here today. On behalf of the Paralyzed Veterans of America, I want to thank you for conducting this very important oversight hearing regarding C&P Service's ability to provide benefits in a timely and accurate fashion.

There are several major factors, we feel, that affect the ultimate ability of the C&P Service to fulfill its mission. Some of these we've heard quite a bit about today. Basically, we feel that they are: The current budget and staffing levels; employee training programs; automated data processing; and the ability of the Department of Medicine and Surgery to respond to the requests of the C&P Service.

These four principal components, and management's ability to adequately control and influence the course of each, will determine the degree to which the Compensation and Pension Service succeeds in fulfilling its mission.

For all individuals who find themselves beneficiaries of the C&P program, it's readily apparent that the VA's ability to deliver the check is as important as the public law that made them eligible in the first place.

Over the years, dedicated employees of the Department of Veterans' Benefits have worked tirelessly to ensure that these individuals received benefits to which they were entitled. I think Mr. Vogel does indeed have every reason to be proud of them.

However, the Administration's continuous assault on DVB staffing levels has dangerously undermined the Agency's ability to meet basic quality of service standards.

The Administration contends that declining workloads and DVB modernization enable the VA to provide adequate service to beneficiaries. Unfortunately, staffing cuts have exceeded what would be justified by declining workloads. Modernization initiatives simply have not picked up the slack.

We applaud this subcommittee for its efforts to restore desperately needed personnel to DVB. Your success in this endeavor is absolutely essential in order for DVB to maintain the current level of services. We, as a service organization, Mr. Chairman, will take your advice regarding working with the Appropriation Committee on this issue.

As the number of trained and experienced staff has declined over the past decade, critical training programs for new personnel have also suffered. Adequate training programs, and sufficient staff to

accommodate such instructive programs, are essential to the mission of C&P Services.

DVB's need to modernize in order to improve services to veterans while reducing costs is unparalleled in recent history. Although much time and effort has been invested in determining the ADP needs of the Department of Veterans' Benefits, little concrete progress had been made toward a satisfactory solution. PVA urges that the modernization of DVB information systems be given the very highest priority. Immediate steps should be taken to ensure that economical systems are developed to meet these needs. DVB has a long way to go in order to meet the sophisticated ADP standards that will be required in the 1990's. We simply can't afford to let this critical effort flounder as it has for the past seven years.

One of the most glaring deficiencies in the overall VA ADP Program is the inability for DVB and DM&S to exchange information. The exchange of beneficiary information and examination requests between VA Regional Offices and VA Medical Centers is currently a manual process. This is one of the principle causes of untimely benefit delivery. It should be automated as quickly as possible.

In addition to automated data exchange, the timeliness of benefit delivery is dependent on the length of time it takes DM&S to complete a C&P exam. Often VAMC's fail to comply with the instructions of the Regional Office. Exams can be incomplete and often clinical findings don't support the diagnosis. Such examinations must be returned to the Regional Office, then must go back to the Medical Center. Obviously, this causes incredible delays in the resolution of the claim. Without acceptable examination turnaround time, C&P Service will be unable to deliver benefits in an acceptable time frame.

In conclusion, continual reductions in staff levels will magnify an already critically deficient situation in C&P. Staffing simply must be increased in order to reverse this potentially devastating trend. Equally important, DVB must come to grips with the deplorable lack of ADP systems presently in existence. It's critical that the "modernization" effort move forward with the very highest priority.

Thank you very much, Mr. Chairman. That concludes my testimony.

[The prepared statement of Mr. Bollinger appears on p. 137.]

Mr. APPLEGATE. Thank you very much, John.

Paul?

Mr. EGAN. Mr. Chairman, Rick O'Dell, our vice president, is going to present our oral testimony.

Before you start the clock, may I digress for just a second to address the question asked by Mr. McEwen, and followed on by Mr. Bilirakis, concerning the additional personnel that might or might not be added to Department of Veterans' Benefits.

We have a situation today where, in Compensation and Pension, there are more mistakes increasingly being made. It's taking ever increasing amounts of time to adjudicate claims. If you add back the 40 percent of the personnel that have been lost over the last 10 years, you might very well improve timeliness, but you wouldn't necessarily improve quality.

In that connection, we believe that unless and until the management in Compensation and Pension can demonstrate its lack of hostility towards due process, it's not likely that we're going to see much improvement in quality. For example, there's currently a failure to correct errors found in Central Office quality reviews of Regional Offices. They are discouraging requests by individual veterans for personal hearings. There's a failure to conduct proper or timely hearings. There's a problem with misleading veterans as to the correct deadline to submit an appeal. Those are just a few of the problems.

We can improve timeliness, but if we're going to improve quality, it's going to take much, much more than just people and money.

**STATEMENT OF RICHARD O'DELL, VICE PRESIDENT, CHAIRMAN OF THE COMMITTEE ON ADVOCACY, VIETNAM VETERANS OF AMERICA; ACCOMPANIED BY PAUL S. EGAN, LEGISLATIVE DIRECTOR, VIETNAM VETERANS OF AMERICA**

Mr. O'DELL. Mr. Chairman, and members of the subcommittee, VVA appreciates the opportunity to present its views on quality and timeliness of compensation and pension claims.

Although we are not focusing our testimony on the numbers, we are including in our statement information that was provided by the VA to us officially on May 20, 1988. Contrary to the representations by numerous VA witnesses over the past year that the VA does not maintain figures on the rate of errors, or does not maintain regional figures, these three pieces of paper present figures representing both the timeliness and quality of decisionmaking for each of the 58 VA Regional Offices.

Concerning quality of decisions, we have extracted from these three pages those numbers of the top 13 VA Regional Offices. The top 13 offices constitute less than a quarter of the 58 VA Regional Offices. However, they handled almost half of the total of original compensation and pension claims for calender year 1987.

As shown by our analyses—at Appendix B to our written statement—the 13 top VA Regional Offices have higher rates of errors than the national averages. In addition, the trend of certain types of mistakes is worsening.

In regard to timeliness, the information provided by the VA for 1986 through the first quarter of 1988 shows a marked decline in the timeliness of processing claims by the top 13 VA Regional Offices that handle almost half of all of these original claims.

In October, 1986, the Department of Veterans' Benefits assembled a task force on quality and timeliness to examine problems revealed by the July, 1982, Inspector General Report of Audit which found that the VA statistical quality control system was not effective in measuring the actual levels of quality in benefits authorizations.

A number of changes have been made and more are underway. VVA does not concur with many of the Task Force recommendations in relation to adjudication functions. Some of the changes appear only to be cosmetic or a matter of semantics; other changes convey a fundamental shift in policy signalling a retreat from due process issues. These recommendations and our responses are item-

ized in our written statement. We are also concerned that despite the clear findings of the VA Inspector General in 1982, the final report of the Task Force persists is stating that: "The systems currently in place are basically good and useful tools."

In early February 1988, we learned of a meeting of service organization representatives with the Chief Benefits Director, the Director of Compensation and Pension Service, the Deputy Chief Benefits Director for Program Management, and the Deputy Chief Benefits Director for Field Operations, among others that was scheduled for February 4th.

The purpose of this meeting was to brief the other service organizations on major changes in the structure of the adjudication process. The VA is proposing to eliminate three member hearing panels in VA Regional Offices and substitute instead a hearing before a single member Hearing Officer. This Hearing Officer would hear all manner of claims.

According to officials present, the "engine driving these changes is *Semenchuk*"—the class action brought in Illinois by Legal Aid attorneys over the VA's failure to properly notify veterans of impending termination or reduction of pension. We are not sure that this lawsuit is the driving force behind these changes. If there needed to be an engine to drive any changes, it should have been the nationwide class action lawsuit brought by the Legal Aid Bureau of Baltimore some 12 years before *Semenchuk*.

We suspect the real motivation for this radical restructuring is that there is a cost benefit to the VA. We understand that there has, in fact, been a cost benefit analysis conducted, but we do not know the details of that analysis.

Among the significant problems with the proposed change to a single Hearing Officer, is the VA's process of putting the change in place. The VA plans no changes or additions to regulations to implement this proposal, and unless the VA engages in an open and public rulemaking procedure, its plans will be vulnerable to challenge in a Federal Court.

We are not certain that no good can come from this VA proposal, but unless there is open debate on the matter, there is a very real danger that beneficiaries may be harmed. Too easily, issues of quality and timeliness can be overshadowed by technical discussion of statistical data. We should not forget that a quality decision, delivered promptly, is a rather modest goal to meet in responding to the needs of those who seek service and benefits from the VA.

Thank you.

[The prepared statement of Vietnam Veterans of America appears on p. 140.]

Mr. APPLEGATE. Gentlemen, thank you very much.

It seems that the theme is all pretty much the same. There hasn't been—certainly in the eyes of the veterans and others—a little change as far as an increase in the timeliness or the quality of these cases.

I think we increased the number of members of the Board of Veterans' Appeals about in 1984. Do you recall? We went from 50 up to as many as 65. What was the result of that since up until this time, in your estimation?

Mr. O'DELL. Mr. Chairman, I have noticed over the past several years there has been a steady increase in remands from the Board of Veterans' Appeals. I think Mr. Vogel touched on that earlier. It would seem to me that with more personnel, you would have more cases resolved in a more timely manner. It appears that the timeliness before the BVA is better. But there is a significantly higher number of remands. Currently, they are at an all time high of, I think, 20 percent. These remands suggest in many cases poor development work at the VA Regional Office level. In other words, the quality of development work, prior to the case going to the Board of Veterans' Appeals, was inadequate.

I know that Mr. Vogel's position is that reversals by the Board of Veterans' Appeals should not be considered as errors, that those are, in fact, perhaps, disagreements of opinion in law. But clearly, those remands that are based upon the failure of VA Regional Offices to properly develop cases are, in fact, errors in the processing of claims. And believe it or not, they are not calculated in the error statistics reported by the Department of Veterans' Benefits.

Mr. APPLEGATE. Does anybody else have any comment on that?

Mr. BOLLINGER. Yes, sir.

Chairman Applegate, we have figures that indicate—in the last several years, 1986 and 1987—between 8 percent and 10 percent of remanded cases are returned to Regional Offices because of procedural errors. These are administrative errors, mistakes, careless mistakes, if you will. This is certainly an indication of a deficiency in quality and timeliness.

Mr. THORSON. Yes.

We, too, agree that the higher remand rate that we've noted—I think it was 20 percent last year that were remanded back to the Regional Office. That is certainly an indicator of problems at the Regional Office level.

Mr. APPLEGATE. Why do you think that they were remanded?

Mr. THORSON. Well, sir, from personal experience, it can be anything from a veteran not receiving full due process, for lack of proper development, for lack of a proper medical exam on a service connected compensation case. There are several reasons, but the majority had to do with errors by the Regional Office in the proper development of that case.

Mr. APPLEGATE. It's mostly procedural. It just seems as though they must be just rushing through it too quickly and missing a lot.

Mr. THORSON. That certainly would be a contributing factor. With the decrease in staffing levels, these people are trying to produce as best they can. However, as a result of that, quality has to diminish.

Mr. APPLEGATE. Paul?

Mr. EGAN. Just going back to your original question for a second, does the increase in the number of board members at the BVA have any effect on production?

Mr. APPLEGATE. Yes.

Mr. EGAN. I don't know what the production quotas were that were established back when the Board was 50 instead of 65 members. But it might be interesting for this committee to enquire about that. Last October 6th, we made quite a point of trying to establish that the Board of Veterans' Appeals does operate on pro-

duction quotas, and that's one additional reason why there's increased remands. We still maintain that to be true, even in spite of failure to properly develop claims at the Regional Office. The current production quota is 40 cases per week. Perhaps it was less than that back in 1984 or 1985.

Mr. APPLEGATE. Okay. I appreciate that.

As I mentioned to Mr. Bilirakis earlier, we will be having some oversight hearings related to the Board of Veterans' Appeals. There are a lot of areas that we will be covering. That will be one of those areas, so I appreciate your input on that.

Mr. Bilirakis?

Mr. BILIRAKIS. I guess that's a signal to me to not go into that area.

[Laughter.]

Mr. BILIRAKIS. I intended to.

Maybe I can just limit it to this. All right. There have been more errors. There's certainly a history of drastic cuts in personnel. Even in spite of my previous questions to the previous panel, you'd have to be pretty stupid to not relate the two. There's no question about that.

Could many of these errors have been the same type of errors that existed before—and here I am getting into your subject, Mr. Chairman—but because we now have more members of the Board of Veterans' Appeals they are coming out now? In other words, these cases are being more thoroughly studied on the appeal level? Did you follow?

Mr. EGAN. I would have to say that that's not likely. At the February 18th hearing before the Governmental Operations Subcommittee on Human Resources, there was one retired member of the Board of Veterans' Appeals who testified that in the interest of meeting and exceeding production quotas, so as to earn year end bonuses, that there were some sections of the Board that were producing in excess of 100 cases a week. According to this retired BVA member's calculation, that amounted to less than eight minutes per case. So where's the thoroughness there?

Mr. BILIRAKIS. Yes. Maybe hearing more cases, but not being any more thorough is your comment.

Mr. THORSON. If I understand your question—

Mr. BILIRAKIS. Yes sir, Mr. Thorson.

Mr. THORSON. I'm with the VFW.

Mr. BILIRAKIS. I'm not sure that I understand my question.

Mr. THORSON. I thought you were comparing the past with the present. Is that what you're saying?

Mr. BILIRAKIS. Yes.

Mr. THORSON. I can't really speak to that, other than to say that I've spoken directly with our department service officers. We have a network of department service officers throughout the country. I depend on these individuals to tell me what's actually going on in the Veterans' Administration. Now some might rely on statistics and the analysis of statistics, but that's not our way. We want to rely on the people that actually work with these veterans and let them tell us what's going on.

Mr. BILIRAKIS. Yes. Sure. Who knows better. Right.

Mr. THORSON. What we find out from these department service officers is that there is one heck of a problem out there. It's continuing to build. What you have is adjudication officers actually going out—these are GS–14's and GS–15's that are going out—and doing file clerk work. Now you can't tell me that when adjudicators are pulled away from their normal work to do file work that there's not a problem.

Mr. BILIRAKIS. Is that the result of a shortage?

Mr. THORSON. That's a result of a shortage. In fact, I can give you specific examples of where one Regional Office—back in 1978 as I remember. This is a small Regional Office, but there were 32 on staff in that adjudication activity in 1978. At this point in time they have been reduced to 16. The adjudication officer is doing file work right now. He's probably doing it as we sit here today. In fact, Mr. Vogel has indicated that the freeze was lifted, the freeze that has been in place since January.

Mr. BILIRAKIS. From the immediate year, right.

Mr. THORSON. Yes. What's interesting to note, this particular Regional Office, even though the freeze was lifted, their staffing level has been further reduced to 15. So if they loose another staff person, they still can't replace that position. This is an office where the adjudication officer is doing—

Mr. BILIRAKIS. Now is that a reduction as a result of attrition? Have there actually been people laid off there or transferred to another location?

Mr. THORSON. They have reduced the staffing level at that Regional Office, since 1978, from 32 down to 15. They're now staffed at 16. If one more leaves, they cannot rehire.

Mr. BILIRAKIS. But, again, I mean, over a period of how many years. That's 10 years.

Mr. THORSON. That's over 10 years.

Mr. BILIRAKIS. Yes. Is that maybe due to attrition? They just didn't hire people to replace those who have left for whatever reason?

Mr. THORSON. That's usually the case at the Veterans' Administration.

Mr. BILIRAKIS. Yes.

Mr. THORSON. That's how they do it.

Mr. BILIRAKIS. One final question, Mr. Chairman. Again, I commend you all for your testimony. Particularly the VVA for presenting this information to us.

Does this mean that there have been more cuts in FTEE in the top 13 Regional Offices, and that's why we have a higher percentage of errors there than we do across the board?

Mr. EGAN. I'm not sure we can say categorically that it's cuts in personnel that results in those increased errors and increases in the amount of time to adjudicate claims. It's probably part of it, probably a good part of it, but certainly not all of it.

Mr. BILIRAKIS. Whatever it will take, $30 million or whatever it is, to replace 1,000 personnel—but how they're allocated and what not could be a factor. So it doesn't necessarily mean that these 13 will go up or, shall we say, their error rate will go down unless we allocate them correctly. Thank you very much.

Thank you, Mr. Chairman.

Mr. APPLEGATE. Again, gentlemen, thank you very much for appearing before the committee. Your testimony was very good, as it usually is. We'll look forward to the next meeting. Yes. We'll have a markup next Thursday on the Compensation COLA. It will be next Thursday morning.

With that, the committee is adjourned.

[Whereupon, at 11:25 a.m., the subcommittee recessed, to reconvene on Thursday, June 2, 1988.]

# APPENDIX

## OPENING STATEMENT OF HONORABLE DOUGLAS APPLEGATE, CHAIRMAN

GOOD MORNING LADIES AND GENTLEMEN, THE SUBCOMMITTEE WILL BE IN ORDER.

WE ARE MEETING THIS MORNING TO HEAR FROM A NUMBER OF WITNESSES REGARDING THE TIMELINESS AND QUALITY OF PROCESSING CLAIMS FOR COMPENSATION AND PENSION IN THE REGIONAL OFFICES OF THE VA'S DEPARTMENT OF VETERANS BENEFITS (DVB).

AS I HAVE STATED ON MANY OCCASIONS, I AM CONCERNED THAT, DUE TO CONTINUING CUTBACKS IN STAFFING LEVELS, THE VA'S ADJUDICATION DIVISION REMAINS UNABLE TO MEET TIMELINESS STANDARDS WHILE MAINTAINING ACCEPTABLE LEVELS OF QUALITY IN ADJUDICATION OF VETERANS' CLAIMS. THERE CAN BE NO DOUBT THAT FURTHER CUTS IN STAFFING LEVELS WOULD BE DISASTROUS. THE VETERANS' AFFAIRS COMMITTEE HAS RECOMMENDED THAT STAFFING LEVELS BE INCREASED, BUT THE BUDGET RESOLUTION PASSED BY THE HOUSE DOES NOT CONTAIN THE DESIRED INCREASES. WE INTEND TO PURSUE OUR EFFORTS TO SEE THAT THE VA HAS THE NECESSARY TOOLS TO WORK WITH. I BELIEVE THE AGENCY IS MAKING PROGRESS IN IMPROVING ITS CLAIMS PROCESSING, AND THAT ITS EMPLOYEES ARE DEDICATED TO MEETING THE NEEDS OF VETERANS, BUT AS WE WILL HEAR, THERE IS STILL A LOT OF ROOM FOR IMPROVEMENT.

I HAVE ASKED THE CHIEF BENEFITS DIRECTOR TO PROVIDE THE SUBCOMMITTEE WITH UPDATED INFORMATION REGARDING THE DEPARTMENT'S EFFORTS TO IMPROVE ON ITS TIMELINESS, AS WELL AS CURRENT DATA ON ACTUAL CLAIMS PROCESSED.

I HAVE ALSO ASKED THE VETERANS' SERVICE ORGANIZATIONS TO PROVIDE THE SUBCOMMITTEE WITH THEIR VIEWS ON THE CURRENT PERFORMANCE OF THE ADJUDICATION ACTIVITY REGARDING BOTH QUALITY AND TIMELINESS OF DECISIONS. I'M LOOKING FORWARD TO HEARING FROM ALL THE WITNESSES AND I THANK YOU ALL FOR APPEARING.

REMARKS OF HON. BOB MCEWEN

I CONGRATULATE YOU ON SCHEDULING THIS HEARING ON QUALITY AND TIMELINESS IN THE ADJUDICATION PROCESS AT THE VETERANS ADMINISTRATION REGIONAL OFFICE LEVEL AND AT ITS CENTRAL OFFICE.

MR. CHAIRMAN, IN REVIEWING MUCH OF THE MATERIAL AND STATEMENTS BEFORE US, I HAVE COME TO SOME TENTATIVE CONCLUSIONS WHICH I HOPE TO SEE CLARIFIED AS A RESULT OF THIS HEARING. THEY ARE:

A. VA NEEDS MORE WELL-TRAINED EMPLOYEES IN ITS ADJUDICATION PROCESS.

B. VA UNDERSTANDS THE NECESSITY FOR HIGH QUALITY ADJUDICATION DECISIONS.

C. VA HAS A STATISTICAL QUALITY REVIEW SYSTEM THAT IS OFTEN NOT VERY WELL UNDERSTOOD BY SOME OF ITS PUBLICS.

D. VA SEES THE RESULTS OF ITS QUALITY CONTROL SYSTEM IN ONE LIGHT AND SOME OF ITS PUBLICS SEE IT IN ANOTHER LIGHT.

E. VA HAS A VERY NECESSARY PRODUCTION MEASURING SYSTEM FOR ITS EMPLOYEES, BUT SOME OF ITS PUBLICS SEE IT AS CAUSING A LESSENING OF QUALITY DECISIONS WHILE OTHERS SEE IT AS SOMETHING AKIN TO A "SWEAT SHOP."

MR. CHAIRMAN, I NOTE THAT VA WILL SUBMIT STATISTICAL MATERIAL TO US THIS MORNING WITH RESPECT TO ERRORS FOUND AT ITS REGIONAL OFFICES.

IT WILL ALSO SUBMIT MATERIAL AS TO TIMELINESS OF ITS ACTIONS. WHEN WE HAVE CAREFULLY EXAMINED THIS MATERIAL, TOGETHER WITH THE TESTIMONY OF OUR WITNESSES, WE WILL BE IN A BETTER POSITION TO ASCERTAIN OUR FUTURE COURSE OF ACTION.

MR. CHAIRMAN, I NOTE THAT THERE ARE SOME 130,000 DEPARTMENT OF VETERANS BENEFIT EMPLOYEES ACROSS THE COUNTRY. I AM PERSUADED THAT THEY DO GOOD WORK OFTEN UNDER GREAT STRESS AND STRAIN. I WOULD HOPE THAT THESE HEARINGS WILL NOT CAST ASPERSIONS ON THEM, BUT RATHER IT WILL GIVE US MORE INSIGHT AS TO HOW IMPROVEMENTS CAN COME ABOUT TO BETTER SERVE VETERANS AND THEIR DEPENDENTS.

STATEMENT OF
R. J. VOGEL
CHIEF BENEFITS DIRECTOR
VETERANS ADMINISTRATION
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES
MAY 26, 1988

Mr. Chairman and members of the Subcommittee:

I am pleased to be here this morning to discuss the timeliness and quality of processing claims for compensation and pension in the regional offices, and staffing resources for the Department of Veterans Benefits.

Mr. Chairman, everyone agrees that veterans deserve an efficient, just and compassionate system of claims resolution which carefully protects due process. It is both my professional opinion and personal conviction that they have such a system, and it is an opinion which seems to be shared by a substantial majority of the veteran population.

In fiscal year 1987, the VA decided more than 5 million claims. During that same year, 41,491 appeals of these decisions (fewer than 1%) were perfected to the Board of Veterans Appeals. The Board reversed the regional offices in 5,270 cases. This is 1/10 of 1% of the total number of claims decided. We believe this is a very strong indication of the quality of our service to veterans, and that it indicates general satisfaction with the present claims processing system.

Recent congressional hearings pertaining to legislation involving the elevation of the Veterans Administration to Cabinet status, judicial review, and attorney fee limitations, have highlighted a number of program management challenges presented by our multifaceted mission. We realize the importance of upgrading our ADP capabilities, and the Administrator has given modernization of our activities top priority. Internal studies are underway to assess our quality control procedures as well as our work measurement and timeliness criteria for claims processing. I can assure you that as problem areas are identified, solutions are sought. I am submitting for the record a comprehensive list of management initiatives (almost 50 initiatives in 5 functional areas) that have been accomplished or are currently underway in the Department of Veterans Benefits.

Because the challenges associated with effective resource allocation and resource management directly impact the timeliness and quality of benefits delivery, I would like to describe some specific actions taken in each of these vital areas. For instance, to improve timeliness, we have evened-out the workload associated with the annual verification of pension eligibility by staggering the release of the questionnaires throughout the year rather than releasing them to all beneficiaries at the same time. We have also worked with the National Personnel Records Center in St. Louis, and with the military service departments, to ameliorate the longstanding problems we have experienced in obtaining service medical records from Department of Defense organizations.

We are helping the national veterans' service organizations train their service officers so that they will be better able to obtain all necessary information and evidence from their clients as they help prepare claims for presentation to the VA. In addition, we are conducting special training sessions for our own personnel to ensure that they are kept abreast of the latest changes in our procedures and computer systems.

Other initiatives are underway in the timeliness area. We are in the process of automating the exchange of data between the regional offices and the medical centers, reducing the time expended in transmitting information and examination reports between VA installations. As a result of a June 1987 DVB-DM&S task force report, we have begun to improve the timeliness of physical examinations. Effective July 1, 1988, we anticipate implementing a new system of direct referral of examination requests from regional offices to the facilities which conduct the examinations. We are also refining the computer programs that process data matches and legislative rate increases in order to reduce the number of cases that need to be processed manually. Finally, we have initiated a far-reaching program to modernize our ADP programs and equipment, and to automate all DVB processes that can be automated effectively.

It is our expectation that these measures will assist in reversing the current downward trend in the timely processing of compensation and pension claims. For some years, we have assessed the timeliness of C&P claims processing by looking at 28 completion standards for 9 end product categories. As of March 31, 1988, we were meeting an acceptable level of timeliness in only 4 of those 28 categories. One year ago, we were meeting acceptable levels in 11 categories; two years ago, we were meeting or exceeding the acceptable levels in 18 categories.

Mr. Chairman, in your letter you expressed particular interest in the percentage of cases completed on the various major end products, by quarters, for the most recent two-year period. You further requested a report on adjudication staffing levels, nationwide, by quarters, for the same period. I would like to submit for the record a chart which provides the data you requested.

On the issue of quality, I am pleased to report that there has been no drop in the level of quality of claims processing. Despite staffing decreases, our reviews show that in the last year our quality levels are within the acceptable quality range in 3 of 4 major categories. I am submitting for the record a chart which depicts quality data for the last two years.

The Department of Veterans Benefits uses several methods to ensure that adjudication personnel apply all laws, regulations and procedures correctly and consistently. One of the basic methods is multiple reviews. For example, we require the approval of three rating specialists in each rating decision. Also, the participation of both an adjudicator and an authorizer is required in the grant or denial of each compensation and pension action. This 100% review methodology acts as a system of checks and balances. As a further safeguard, except in the small offices which have only minimal staffing, we rotate these personnel periodically in the interest of obtaining uniformity of rating and authorization decisions.

We also promote accuracy and consistency through our requirement that each month the first-line supervisors in the adjudication divisions must examine a random sampling of a specified number of cases completed recently. These supervisors perform this formal review specifically to determine the quality of the work produced by their subordinates. The review findings must be submitted to division management.

Each station also has a Quality Review Committee responsible for performing a quality check of a sampl'ng of the reviews done by the first-line supervisors. This second review not only validates the effectiveness of the initial review, but also ensures that all decision-makers in the regional office are adjudicating claims in a like manner.

We have other quality and consistency controls at the national level. Approximately twice a year for each regional office, staff elements of DVB Central Office call in a specified number of randomly selected claims folders involving recently completed actions. These cases are thoroughly reviewed by experienced claims examiners for substantive and material deficiencies, and procedural discrepancies. The results of these audits are then analyzed to determine if the regional office under examination is performing at the levels we demand.

These audit reports also pinpoint areas which require Central Office action, such as issuing new or revised guidelines, scheduling training sessions, or conducting special on-site visits. Based on these reviews, we also issue quarterly newsletters highlighting the SQC findings and setting forth areas in which regional offices need to conduct training.

At this point, I would like to clarify some recurring misconceptions about our quality control system. Critics of the VA's claims processing system have ignored the multifaceted checks and balances that are integral to our quality controls, and instead have zeroed-in on one narrow aspect -- the statistical quality control (SQC) reviews done in Central Office. These critics have portrayed these reviews as our prime, indeed our sole, method of ensuring quality claims processing. Having set up this straw man, they proceed to argue that the SQC program is not absolutely accurate and foolproof and, therefore, the entire quality control system is invalid.

The reality of the situation is that the SQC validation program is not a method for catching all erroneous cases. It is a management tool for detecting problems in overall program performance. It is a means of detecting trends, validating regional office quality reviews, and identifying areas which require additional guidelines or training. Corrective action in individual cases is a byproduct of the SQC review process.

Another general misconception is that favorable action on an appellate issue by the Board of Veterans Appeals represents the correction of an "error" made by the regional office. As a matter of fact, the BVA rarely finds outright errors. Under the existing adjudication system, every claim is given a thorough second review before the case is certified to BVA. Errors are caught and corrective action is taken without referral to the Board. Reversals by BVA do not represent errors. Rather, they typically involve differences of judgment concerning facts in the case.

Mr. Chairman, I would now like to turn to the other important area of interest reflected in your invitation letter -- reductions in force, layoffs and hiring freezes within DVB in FY 1988. I am pleased to inform you that there will be no reductions-in-force or layoffs in DVB during the current year. A department-wide freeze on employment was imposed in January due to the lack of funds for the current fiscal year. This freeze has been lifted. Additional funds have recently been made available through legislation transferring the payment of funds for State approving agencies to a different appropriation. At this time, we expect to achieve employment of 12,915 for the current fiscal year.

In closing, I would like to assure you that at every level our personnel are held accountable for the quality of their work. I sincerely believe that our claims processing system does ensure that benefits are awarded in an efficient, just and compassionate manner. I am especially proud of all that we have achieved in the delivery of benefits and services to our deserving clientele. I am submitting for the record a summary of program accomplishments for FY 1987 which portrays the magnitude and scope of our vital mission.

Finally, I wish to acknowledge the invaluable assistance we receive from the veterans' service organizations in bringing selected cases or trends to our attention. They are one of the most important elements in our quality control system.

Mr. Chairman, I would be pleased to answer any questions you or the other members of the Committee may have.

Appendix A

## DVB MANAGEMENT INITIATIVES

The Department pursues management and productivity improvements in all elements of our organization, and identification of improvement opportunities is a Department-wide effort. This list is compiled from those initiatives that have been completed within the past three fiscal years, or are currently underway. Projects cover the areas of program management, debt management, records/mail management, automation, and resource allocati( . Implementation is tracked through the annual program operating plan.

### Program Management

| Initiative | Service | Status |
|---|---|---|
| Remittance Collection Improvement | (29) | Implemented |
| Training Field Station Employees | (203) | Underway |
| Quality Control and Error Reduction | (21) | Implemented |
| DVB Hearing Officer Program | (21) | Underway |
| VR&C Quality Review System | (22) | Underway |
| Loan Servicing Pilot Project | (26) | Underway |
| Loan Guaranty Lock Box | (26 | Underway |
| Field Examiners Program Guide | (27) | Underway |
| VBC Training Program | (27) | Underway |
| Toll-free Telephone Service, Insurance | (29) | Implemented |
| Administer VMLI In-house | (29) | Underway |
| Property Management Pilot Project | (26) | Proposed |
| Consolidation of Insurance Activities | (29) | Terminated |

### Debt Management

| Initiative | Service | Status |
|---|---|---|
| Referral of Accounts to District Counsels from CARD | (20B) | Implemented |
| Federal Salary Offset | (20B) | Implemented |
| Use of Private Collection Agencies | (20B) | Implemented |
| Income Tax Refund Offset | (20B) | Implemented |
| Telephone Test | (20B) | Implemented |

### Records/Mail Management

| Initiative | Service | Status |
|---|---|---|
| Records Inventory Management System | (203C) | Implemented |
| Conversion of Loan Guaranty Index | (203C) | Implemented |
| Mail Presort | (203C) | Implemented |
| Relocation of Active Records to the RPC | (203C) | Underway |
| Replacement File System | (201) | Suspended |

## DVB MANAGEMENT INITIATIVES

### Automation

| Initiative | Service | Status |
|---|---|---|
| Centralize Education Loan Accounts | (20B) | Implemented |
| Office Automation (Initial installation is complete, augmentation is underway) | (202) | Implemented |
| Automate Forms Design | (203C) | Implemented |
| Loan Guaranty Rapid Access | (26) | Implemented |
| Consolidation of Vendee Loan Accounts | (20B) | Underway |
| Consolidation of Death Accounts | (20B) | Underway |
| Consolidation of DM&S Debt Accounts | (20B) | Underway |
| DVB Modernization and Organization Reform | (202) | Underway |
| Model Stations Project | (202) | Underway |
| Integrated Target/Office Automation | (202) | Underway |
| Automate Folder Processing | (203C) | Underway |
| Automate Distribution System for Directive Material | (203C) | Underway |
| Automate Form Letters | (203C) | Implemented |
| DVB-DM&S Automated Exchange of Data | (21) | Underway |
| Benefits Delivery System for Chaps. 30 & 106 | (22) | Underway |
| Optical Disk Pilot Project | (22) | Underway |
| Computer Assisted Information System | (22) | Underway |
| Automated Rehabilitation Plan Development | (22) | Underway |
| Loan Production System | (26) | Underway |
| Fiduciary and Field Exam Automated System | (27) | Underway |
| Microcomputers for Field Examination Activities | (27) | Underway |
| Automation of Inactive Records | (203C) | Suspended |

### Resource Allocation

| Initiative | Service | Status |
|---|---|---|
| Resource Allocation Model | (201) | Implemented |
| DVB Productivity Measurement System | (201) | Underway |
| Pilot Project on Management Efficiency | (201) | Underway |

APPENDIX B

OVERALL TIMELINESS PROCESSING OF ORIGINAL CLAIMS *

| DATE | LIVE PENSION (EPC 180) | | DEATH PENSION (EPC 190) | | S/C COMP (EPC 110) | | DIC (EPC 140) | | BURIALS (EPC 160) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | <90 | <180 | <90 | <180 | <90 | <180 | <90 | <180 | <90 | <180 |
| 31-Mar-88 | 50.9 | 86.4 | 72.6 | 94.9 | 28.9 | 71.8 | 59.1 | 88.9 | 88.1 | 98.3 |
| 31-Dec-87 | 52.1 | 87.0 | 74.6 | 95.3 | 30.0 | 73.3 | 59.9 | 89.1 | 88.6 | 98.5 |
| 30-Sep-87 | 53.0 | 87.8 | 75.6 | 95.6 | 30.9 | 74.6 | 60.1 | 89.2 | 88.8 | 98.5 |
| 30-Jun-87 | 53.8 | 88.9 | 75.8 | 96.1 | 32.1 | 76.0 | 60.3 | 89.4 | 89.0 | 98.6 |
| 31-Mar-87 | 54.3 | 89.8 | 77.1 | 96.6 | 32.8 | 77.5 | 61.4 | 90.1 | 89.7 | 98.6 |
| 31-Dec-86 | 54.5 | 90.2 | 78.3 | 96.9 | 33.4 | 78.9 | 62.9 | 91.0 | 90.2 | 98.7 |
| 30-Sep-86 | 54.9 | 90.3 | 79.5 | 97.2 | 34.9 | 79.6 | 64.6 | 91.6 | 90.7 | 98.7 |
| 30-Jun-86 | 55.9 | 90.3 | 81.6 | 97.4 | 35.2 | 79.4 | 66.6 | 92.2 | 91.3 | 98.7 |
| 31-Mar-86 | 56.4 | 90.2 | 82.0 | 97.5 | 35.8 | 79.3 | 67.1 | 92.5 | 91.3 | 98.8 |

OVERALL TIMELINESS PROCESSING OF SUPPLEMENTAL CLAIMS *

| DATE | NONORIGINAL CLM (EPC 120) | | NOTICE/DISAGREE (EPC 170) | | INCOME ISSUES (EPC 150) | | DEPENDENCY (EPC 130) | |
|---|---|---|---|---|---|---|---|---|
| | <90 | <180 | <90 | <180 | <90 | <180 | <90 | <180 |
| 31-Mar-88 | 57.4 | 87.2 | 84.4 | 96.8 | 89.4 | 98.1 | 91.0 | 98.1 |
| 31-Dec-87 | 58.3 | 87.9 | 84.5 | 96.7 | 90.0 | 98.2 | 91.4 | 98.2 |
| 30-Sep-87 | 58.9 | 88.5 | 84.2 | 96.7 | 90.3 | 98.3 | 91.4 | 98.2 |
| 30-Jun-87 | 59.5 | 89.2 | 83.2 | 96.5 | 90.2 | 98.4 | 91.3 | 98.3 |
| 31-Mar-87 | 60.1 | 89.8 | 83.1 | 96.6 | 90.4 | 98.6 | 91.9 | 98.5 |
| 31-Dec-86 | 60.9 | 90.3 | 85.0 | 96.9 | 91.0 | 98.7 | 91.9 | 98.5 |
| 30-Sep-86 | 61.8 | 90.7 | 86.2 | 97.2 | 91.2 | 98.6 | 92.3 | 98.6 |
| 30-Jun-86 | 62.6 | 90.7 | 88.1 | 97.5 | 90.5 | 98.5 | 93.3 | 98.8 |
| 31-Mar-86 | 63.0 | 90.6 | 89.3 | 97.7 | 89.2 | 98.8 | 91.9 | 98.6 |

QUARTERLY EMPLOYMENT WITHIN ADJUDICATION **

| | |
|---|---|
| 31-Mar-88 | 3631 |
| 31-Dec-87 | 3693 |
| 30-Sep-87 | 3712 |
| 30-Jun-87 | 3675 |
| 31-Mar-87 | 3678 |
| 31-Dec-86 | 3673 |
| 30-Sep-86 | 3696 |
| 30-Jun-86 | 3658 |
| 31-Mar-86 | 3883 |

* Shown as percentage of claims completed over the prior 12-month period, and indicating both the less than 90 day timeframe and the 6 month (180 day) timeframe.

** CALM 830 Report and Quarterly employment formula.

APPENDIX C

## COMPENSATION & PENSION QUALITY STATISTICS

The following data represent error rates as reported by the 58 Regional Offices for the two year period beginning April 1, 1986 and ending March 31, 1988, shown by quarters.

A Substantive error is an inadequacy, incorrect action or clearly erroneous decision affecting entitlement rights of veterans and dependents which, if uncorrected, results in or would result in an improper grant or denial of benefits. A Material deficiency is an action or failure to take action which is not so erroneous as to be considered a Substantive error, but is reflective of a material deficiency in application of pertinent laws and regulations. Such deficiencies usually exist where a different action would be more tenable.

| | FY 86 | | FY 87 | | | | FY 88 | | MAL * |
|---|---|---|---|---|---|---|---|---|---|
| | 3rd | 4th | 1st | 2nd | 3rd | 4th | 1st | 2nd | |
| Authorization: | | | | | | | | | |
| Substantive (%) | 1.73 | 1.76 | 1.69 | 1.65 | 1.64 | 1.66 | 1.84 | 1.99 | 3.0 |
| Material (%) | 4.36 | 4.39 | 4.28 | 4.03 | 3.82 | 3.69 | 3.75 | 3.57 | 3.0 |
| Rating: | | | | | | | | | |
| Substantive (%) | 1.33 | 1.36 | 1.57 | 1.58 | 1.43 | 1.73 | 1.51 | 1.57 | 4.0 |
| Material (%) | 1.81 | 1.81 | 1.83 | 1.78 | 1.71 | 1.79 | 1.80 | 1.92 | 3.0 |

ANALYSIS:

Comparing 2nd quarter FY 88 to 2nd quarter FY 87:

Authorization quality worsens for Substantive rates and improves for Material rates. **
Rating quality improves for Substantive rates and worsens for Material rates.
Three (3) of four (4) factors are within MAL for the 2nd quarter FY 88, with Authorization Material rates greater than MAL.

Comparing 1st quarter FY 88 to 1st quarter FY 87:

Authorization quality worsens for Substantive rates and improves for Material rates. **
Rating quality improved in both factors.
Three (3) of four (4) factors are within MAL for the 1st quarter FY 88, with Authorization Material rates greater than MAL.

* Minimal Acceptable Level

** The changes in authorization error rates have resulted primarily from a change to the manual that clarified how errors are to be classified.

APPENDIX C

## COMPENSATION & PENSION QUALITY VALIDATION

Central Office Compensation and Pension Service staff conduct validation reviews covering all regional offices. These reviews are conducted twice annually and involve comparing the error rates found on a new sample of a station's cases with the rates reported by the station. During the 12 month period ending March 31, 19?8, a total of 11,712 cases were reviewed for this purpose.

The percentage of stations where Central Office reviews validated the station reported findings for the last biannual cycle is indicated below.

| | # RO's | Percentage |
|---|---|---|
| Authorization Actions: | | |
| Substantive | 51 | 87.9 % |
| Material | 48 | 82.8 % |
| Rating Actions: | | |
| Substantive | 55 | 94.8 % |
| Material | 49 | 84.5 % |

Appendix D

## DVB WORK ACCOMPLISHMENTS FY 1987

During FY 1987, the Department of Veterans Benefits administered 11 different benefit programs and 7 insurance funds at a cost of over $16 billion. The Department's major accomplishments include:

- $10.5 billion in assistance provided to over 2.5 million veterans and survivors receiving disability compensation and DIC benefits.
- $3.8 billion in assistance to over 1.3 million veterans and survivors receiving nonservice-connected pension benefits.
- Burial and miscellaneous assistance benefits totalling $130 million to help defray the cost of burial expenses and provide mortgage protection insurance.
- Educational and special assistance benefits of $822 million for veterans, dependents and survivors.
- Guaranteeing over 479,000 housing loans for veterans.
- Administering and supervising insurance programs totalling over 7.1 million policies with a face value of over $202 billion.

Staffing for the Department for FY 1987 totalled the equivalent of 13,126 full-time employees at a cost of $515 million. The distribution of employees by program was:

| | |
|---|---|
| Compensation & Pension | 3,684 |
| Veterans Services | 2,200 |
| Support Services | 3,163 |
| Loan Guaranty | 2,123 |
| Vocational Rehabilitation & Counseling | 639 |
| Insurance | 455 |
| Executive Direction | 465 |
| ADP Systems Management | 397 |
| TOTAL | 13,126 |

COMPENSATION, PENSION AND EDUCATION:

| | |
|---|---|
| C&P Original Claims * | 695,742 |
| C&P Adjustments/Supplementals | 2,515,690 |
| C&P Ancillary | 368,887 |
| Education Original Claims | 124,880 |
| Education Adjustments/Supplementals | 1,077,150 |
| Vocational Rehabilitation Claims | 105,898 |
| VJTA (veterans entering program, FY 87) | 9,266 |

(* Includes original compensation, pension and burial benefits.)

* Original compensation, pension and education claims represent the number of completed actions on initial claims for those benefits.

* Adjustments and supplemental award actions (compensation, pension and education) and C&P ancillary actions include claims for increase, additional benefits, dependency, income or hospital adjustments, appeals activity, and other forms of activity on individual veteran and dependent claims.

* Vocational Rehabilitation award activities include both original claims processing for Chapter 31 benefits as well as supplemental award actions.

* Veterans Jobs Training Act, developed to help alleviate unemployment among Vietnam era and Korean conflict veterans, reimburses employers up to half of their salary costs for each veteran in the program.

VOCATIONAL REHABILITATION AND COUNSELING:

| | |
|---|---|
| Rehabilitation Evaluation & Planning | 6,360 |
| Receiving Rehabilitation Services | 22,991 |
| Vocational/Educational Counseling | 7,483 |

* Vocational Rehabilitation and Planning status represents the annual monthly average number of veterans who have applied for chapter 31 benefits, or were referred under the chapter 15 provisions and have begun the evaluation and planning process.

• Receiving Rehabilitation Services represents the average monthly number of veterans in the status of rehabilitation to point of employability, extended evaluation, independent living and employment services, for chapter 31 and chapter 15.

• Vocational & Educational Counseling status indicates the annual number of completed counseling cases under Chapters 30, 32, 34 and 35 of title 38; 106 of title 10; and VJTA.

LOAN GUARANTY:

| | |
|---|---|
| Construction & Valuation | 1,456,800 |
| Loan Processing | 1,168,782 |
| Loan Service & Claims | 447,615 |
| Property Management | 77,335 |

• Construction & Valuation activities includes the key indicator of reviews of appraisals of properties to be purchased by veterans with guaranteed loan financing. Additionally, dwelling inspection reports are reviewed to ensure compliance with plans and specifications.

• The Loan Processing element includes activities involved in establishing eligibility for a VA-guaranteed loan. Also included are the number of loan guaranty certificates issued after loans are closed.

• The Loan Servicing and Claims process includes supplemental servicing actions such as default processing, financial counseling, and loan foreclosure actions.

• Property Management includes the activities associated with property acquisition and property disposal.

INSURANCE:

| | |
|---|---|
| Policy Service Actions | 1,952,342 |
| Collection Actions | 5,082,337 |
| Disability Claims Actions | 36,541 |
| Insurance Awards Actions | 341,771 |

• Policy Service Actions include replies to veteran generated correspondence on policies in force as well as policy maintenance actions completed.

• Collection Actions represents the processing of remittances received on individual policies in force.

• Disability Claims Actions include new waiver claims, reviews of running disability awards, new policy issues, and reinstatements requiring medical information.

• Insurance Award Actions include activities surrounding death awards, beneficiary and option changes, maintenance actions, VMLI activity and other award authorizations.

VETERANS SERVICES:

| | |
|---|---|
| Veterans Assistance Contacts | 11,558,121 |
| Fiduciary & Field Examinations | 126,256 |
| Compliance Surveys/Liaison Actions | 49,062 |

• Veterans Assistance Contacts include telephone interviews, personal interviews and correspondence actions. They are a key element in satisfying requests for assistance from our using public and in generating a positive public image for the Agency.

• Fiduciary and Field Examination activity ensures that those beneficiaries whose capability to manage their VA assets is impaired are receiving the best possible support and guidance from the fiduciary personnel assigned to them.

• The Compliance and Liaison activities ensure that the educational opportunities and institutions available to education and vocational rehabilitation trainees are the best possible.

Department of Veterans Benefits
Veterans Administration
Washington, D.C. 20420

DVB Circular 20-88-7

April 1, 1988

STRATEGIC PLANNING GUIDANCE - FY 1990

1. The Department faces great challenges in the future because of the changing nature of the veteran population, new programs that must be implemented such as the Montgomery GI Bill, the large property inventory that results from economic distress experienced in some states, and new due process requirements imposed by the courts. These challenges must be met while maintaining a high level of quality and timeliness in an environment of severely constrained resources.

2. So the Department may best prepare for the future, the Chief Benefits Director instituted a strategic planning process for the FY 1990 budget formulation cycle. During the last two months, the CBD participated in the Administrator's Policy Conference, the Department's planning conferences, and the Management Advisory Committee meetings at which the major issues confronting us have been thoroughly and frankly discussed. The CBD recently met with the Chief Medical Director to discuss planning issues of mutual concern. Many sound ideas about how the Department should prepare for the future have been put forward.

3. The Department's management philosophy cannot be "business as usual." Significant improvement opportunities in service delivery must be identified, then funded and implemented. These improvements may take the form of short-term ADP improvements; organizational realignments; and policy, procedure, or workflow changes. Field station and program directors must take the lead in proposing innovative ways to improve operations. In short, the Department must be much more aggressive in pursuing improvement opportunities.

4. During recent discussions, major issues have been raised dealing with benefits and the way they are delivered. Several specific issues of concern to all DVB managers have been discussed. As we enter the FY 1990 budget planning cycle it is time to turn discussions into specific plans. Therefore, the following guidance is issued:

a. Quality

Quality, timeliness, and productivity are intertwined measures of the effectiveness of the benefit and service delivery systems. However, quality will not be sacrificed to achieve other, lesser goals. The quality

c. Field Organization/Program Realignment (cont.)

perform all the duties required and sufficient work to maintain a full staff. Criteria for evaluating field organization structure need to be developed and applied against specific targeted functions.

It is time to review the policy for outbasing veterans benefits counselors, especially at VA medical centers, to determine the most effective level of effort, while insuring that the Department does not duplicate the services provided by veterans service organizations. The method of providing telephone service can be improved by making maximum use of state of the art technology and through reorganization at the field station level to improve local flexibility. Initiatives in this area should be considered for the FY 1990 budget.

Under certain conditions colocation of regional offices onto Agency owned grounds can be a positive means of delivering benefits and services to veterans and their beneficiaries. Consequently, the Department is committed to an aggressive schedule for the development of colocation projects. Each project will be evaluated and pursued on its own merits.

d. Employee Training

Technical training for mainline occupations, such as veterans claims examiners, rating specialists, loan processors, property managers, loan service and claims experts, and others, must be improved. To the extent practicable, formal centrally directed training programs for adjudication division and loan guaranty division staff and cross-training of veterans benefits counselors should be proposed in the FY 1990 budget. Expanded use of the Regional Medical Education Centers in DM&S should be pursued.

e. Chapter 30

Processing of chapter 30 education claims will not be decentralized to all regional offices. However, during FY 1990 one additional station may be needed to process chapter 30 claims. The DCBDs for Program Management and Field Operations, with the advice of the DCBD for ADP Systems Management, should evaluate alternative organizational structures for delivery of these benefits and determine the location for an additional processing

April 1, 1988 DVB Circular 20-88-7

5. The strategic planning guidance has been sent to the Administrator, the Chief Medical Director, and other top managers of the Agency. The guidance will be incorporated into the mid-year update to our FY 1988 program operating plan which will be due in April. To insure the widest possible dissemination within the Department this circular should shared with all DVB employees.

6. The FY 1990 budget formulation cycle has already started with the development of program assumptions. The guidance contained in this circular should be incorporated into budget plans. In this way, the Department of Veterans Benefits can maintain high levels of effectiveness in the delivery of benefits and services.

7. Rescission: This circular will be rescinded April 1, 1989.

R. J. VOGEL
Chief Benefits Director

Distribution: CO: RPC 2900
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PROPOSAL TO CREATE A HEARING OFFICER
POSITION WITHIN DVB REGIONAL OFFICES

JAN 7 1988

BACKGROUND

Adjudication procedures currently provide that in so far as possible personal hearings will be held before a "fresh" hearing panel. However, regional offices have the authority to use the original decision-makers if there are no qualified personnel available to form a completely new panel. The August 1987 consent decree which settled the Semenchuk v. Walters lawsuit removes any latitude in this area by specifying that "hearings will be conducted by VA personnel who bear decision-making responsibility and who did not participate in the proposed adverse action." (Emphasis added)

Current staffing levels and anticipated future staffing reductions will severely impede DVB's ability to comply with the requirement that "fresh" personnel be assigned for all hearing panels. Rating decisions, for example, require three signatures; therefore, hearing panels for rating issues require three members or "decision-makers", one of whom must be a doctor. In 30 of the 57 regional offices there is no second rating board doctor or an insufficient number of other rating board members.

Technically the Semenchuk decree covers only Illinois disability pension claims which are in a "predetermination" status. However, to avoid leaving the Agency open to similar litigation in multiple jurisdictions, DVB has decided to apply the Semenchuk provisions to most types of DVB benefit hearings nationwide.

PROPOSAL

We recommend that the Agency create a new GS-13 position within DVB entitled "Hearing Officer." The incumbents in this position would be empowered to hold (with some exceptions) all personal hearings on DVB benefit issues and to make the final decision on the issue(s) under review. They would function and be evaluated within the Adjudication Division of the regional office but would be selected and trained by DVB Central Office. An office would be serviced by a "resident" hearing officer or by one or more "itinerant" hearing officers depending upon the size of its hearing workload.

By reducing the size of the hearing panels from three members down to only one member we will increase productivity to the extent that we can staff the new positions without an increase in FTEE. AMIS data indicate that DVB currently expends 37.2 man-years annually to handle the types of hearings we are proposing to assign to the hearing officers. With 36 hearing

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officers (and, in Manila, the addition of hearing officer duties to the responsibilities of the Assistant Adjudication Officer) we can accomplish the same workload and make the personnel who would normally be the second and third members of the hearing panel available for the production of regular work.

AUTHORITY

Title 38, United States Code, is silent concerning the size and composition of the hearing panels. The regulations speak to the issue of the nature of non-BVA hearing panels only by specifying that the VA will provide "personnel who have original determinitive authority" over the issues (38 CFR 3.103). Part 2 of title 38, CFR, delegates determinitive authority to the "designees" of the Chief Benefits Director. Therefore, specific instructions as to the size, composition and authority of DVB hearing panels are found only in procedural guidelines. These can be amended at will by the Chief Benefits Director under authority delegated by the Administrator. However, given intense Congressional, judicial and service organization interest in procedural due process issues, the Administrator should be fully advised before any change is implemented.

BVA regulations are more specific. Section 19.161 of title 38, CFR, states that BVA hearing panels will consist of a chairman and usually two other Board members. This rule applies to the BVA traveling panels who visit DVB regional offices to hear appellate cases. Because there are often long delays involved in getting on the docket for the BVA traveling panels, many claimants choose to have their appellate hearings before regional office panels. Technically, in these situations the regional offices should be applying the provisions of chapter 8 of M1-1, the BVA's procedural instructions for "Hearings on Appeal." These instructions clearly state that any hearing held after a Notice of Disagreement is received must be before a panel "of three members preferably persons who participated in the original determination."

The fact that the provisions of M1-1 are contradictory to existing DVB guidelines and to the terms of the Semenchuk agreement has been brought to the attention of the Chairman of the BVA. During recent informal conversations he has agreed to revise M1-1 and has expressed preliminary approval of the concept of one-person DVB panels in appellate hearings. Staff members from the Office of the General Counsel have also indicated that they see no difficulty in our proposed changes.

DUTIES

All procedural and regulatory guidelines that now govern the conduct of hearings would apply to the new hearing officers.

They would function exactly as the three-member hearing boards currently do except that they would be empowered to act as soledecision-maker on the issue under review. They would handle all personal hearings associated with programs under the jurisdiction of DVB with the following exceptions:

Hearings which are requested after a claim is filed or a waiver is requested but before any decision is made. (Such hearings will be held before the individual(s) designated to make the decision on the issue under review. Most Committee on Waiver hearings fall into this category.)

Informal hearings authorized under 38 CFR 21.420 which involve a Chapter 31 issue other than basic entitlement, periods of eligibility or monetary assistance.

Informal hearings authorized under 38 CFR 36.4393 (i.e., complaints of discrimination in connection with Federally Assisted Construction Contracts).

Hearings pertaining to Loan Guaranty issues other than indebtedness. (Indebtedness issues fall under the jurisdiction of the Committee on Waivers.)

Hearings pertaining to insurance issues. (Such hearings are presently held before someone from VSD. The transcript is then sent to the Insurance Center for a decision.)

(NOTE: We feel strongly that the last four types of hearings in particular should not be given to hearing officers. Firstly, these hearings involve very specialized subject matter. Secondly, they are presently held before single person panels. Passing the responsibility to a hearing officer would not gain any FTEE and would sacrifice the subject-expert factor.)

On a time available basis, the Adjudication Officer of the regional office could assign a hearing officer to duties appropriate to his/her grade level and position, provided that such duties did not conflict with his/her status as an impartial and independent decision-maker.

CLASSIFICATION/QUALIFICATIONS

We defer to John Coghlan and his staff as to the proper classification series for the proposed position. We suggest, however, that any series which falls under (or gives the appearance of falling under) the Administrative Procedures Act should be avoided. We understand that positions covered under

this Act require a law degree and start at a GS-15 grade level.

We believe that the level of responsibility and breadth of experience inherent in this position would warrant a GS-13. That grade level also has the practical aspect of ensuring (along with the qualification factors discussed below) that the applicant pool will be composed of individuals with extensive experience in the field of DVB claims processing.

A very high percentage of all hearings (86% of the proposed workload) involves rating board issues. Since rating expertise is gained only by on-the-job experience, we feel that one of the prerequisites for this job should be at least three years of experience as a full-time rating specialist and/or rating board section chief. Rating specialists generally have progressed through the adjudicator ranks before reaching the rating board. Therefore, they also have the background knowledge necessary to deal with hearings pertaining to authorization issues in the compensation, pension and education programs. (NOTE: It would be relatively easy to bring a rating specialist up to date on changes in the CP&E programs. It would be very difficult to go the opposite direction, that is, to instill rating expertise in someone who has only authorization background.)

Many Committee on Waivers (COW) hearing issues derive from adjustments in compensation, pension or education awards. In addition, most experienced adjudicators (and, ergo, rating specialists) have been members of a Committee on Waivers at some time in their VA careers. All of these factors bolster our belief that making rating experience a prerequisite for hearing officers is a sound idea.

(NOTE: Usually a COW hearing is requested at the time the waiver request is filed, and thus occurs before the Committee on Waivers makes a decision. Under our proposal, hearing officers would take jurisdiction only of hearings requested after a decision was made, i.e., in the appellate stage.)

(NOTE: Loan guaranty indebtedness issues comprise a significant portion of COW hearings in some regional offices. The initial training given hearing officers must include special instruction in this area.)

Willingness to travel must be a prerequisite for the hearing officer position. Travel will be necessary not only to service offices where the workload does not warrant a full-time hearing officer, but also to cover temporary vacancies and unexpected surges in workload. Most hearing officers will have to spend between 25 and 50 percent of their time away from their own regional offices.

On the other hand, a law degree should not be a prerequisite for the proposed position. As in the past, hearings will be conducted on a non-adversarial basis and formal judicial procedures will not be used. Evaluation of evidence and the interpretation/application of pertinent laws and regulations are an integral part of the background of anyone with extensive DVB claims processing experience. The possession of a law degree cannot in and of itself be substituted for this adjudicative expertise. Currently, DVB promotion panels acknowledge the breadth of knowledge associated with the possession of a law or other post-graduate degree by assigning additional "education" points. Continuing this convention would ensure that among hearing officer applicants, when all other factors are equal, individuals with law degrees will be ranked higher on the final eligibility list.

SELECTION

The recruitment announcements for these positions should be posted nationally and should show the estimated amount and places of travel associated with that particular position(s). The promotion panel(s) should be composed of DVB Central Office personnel, with the final selection made by the Chief Benefits Director. Input from Directors, Adjudication Officers, etc., as to the qualifications of the applicants should be encouraged.

SUPERVISORY OVERSIGHT

Time cards and leave requests should be signed by the Adjudication Officer of the regional office in which the hearing officer is based. Travel orders and vouchers would be approved and funded by the supervising regional office.

During the first year or two of the program, all statistical quality reviews would be performed by Central Office staffs. Thereafter, each regional office would be responsible for reviewing its own cases. The SQC results from these reviews would be validated by the Central Office staff which has jurisdiction of the subject matter of the hearing.

Prototype performance standards should be prepared by Central Office staffs. Individual annual performance evaluations would be prepared by the supervising Adjudication Officer, with input from the other regional office(s) serviced by the hearing officer. In the initial year of the program, Central Office staffs would provide pertinent data to the evaluating officials concerning the results of SQC reviews.

Initial travel schedules should be set by Central Office based on estimated hearing workloads. Incumbents should be author-

ized to make changes to this preset schedule after consulting with the Adjudication Officer of the affected regional office and his/her own Adjudication Officer. Individual regional offices would be responsible for scheduling hearings during the time frames designated for them and for advising the hearing officer if it appears that the scheduled workload is insufficient to warrant the hearing officer's visit.

Any initial orientation and cross-training for hearing officers should be done by Central Office, probably with the assistance of selected specialists from the field stations. Training for subsequent appointees would also be done by Central Office, followed by a one or two week period of on-the-job training with an experienced hearing officer. Annual meetings (similar to Adjudication Officer or VSO conferences) should be held to accommodate refresher training and to discuss policy changes and/or mutual problems.

The regional offices should be responsible for supplying support services, i.e., typing, file movement, assistance with claims development and folder control, work space, reference materials and distribution (through the base regional office) of changes to all pertinent procedural guidelines.

STAFFING RECOMMENDATIONS

Current workloads would warrant 36 hearing officer positions and, in Manila, the addition of hearing officer duties to the responsibilities of the Assistant Adjudication Officer. If desired, the program could be phased in, with service first being established for the 30 regional offices which can not comply with the Semenchuk requirements. The remaining regional offices could be brought into the program six months to one year later. This two-step approach would allow us to meet the immediate problem of implementing Semenchuk yet not fully commit ourselves until we have a chance to evaluate and, if necessary, adjust the hearing officer program. We estimate that 11 hearing officers would be required to handle the workload of the 30 "phase one" stations.

Proposed staffing and station alignments for the full 37-person program are shown on attachment A. "Phase One" stations and associated staffing are highlighted in yellow.

COST ANALYSIS

During FY 1987 DVB spent $1.4 million to staff panels for rating, authorization and appellate COW hearings. Using 37 GS-13 hearing officers, it could have accomplished the same workload for a cost of $2.0 million and have had the personnel who would normally have served as the second and third panel

members available for regular production. In addition,
one out of every three beneficiaries fails to appear for his or her scheduled hearings, perhaps as much as one-quarter of each hearing officer's time would have been available for other duties. (See attachment B).

The increased annual expenditure required for the implementation and first year operation of this program (approx. $1.2 million) is outlined on attachment C. This figure would drop to approximately $465,000 annually for subsequent years, provided the hearing workload remains at anticipated levels. (Note: These figures assume that the hearing officers would be selected from GS-12 rating specialists and that the resulting vacancies would not be filled.)

To comply with the requirements generated by the Semenchuk settlement, DVB must devise some method of providing "fresh" hearing panels in those 30 regional offices which do not have the necessary staffing. Barring making the claimants travel to another regional office, the most logical method (outside of adopting the one person/hearing officer panel) would be to send traveling three-person panels into the affected regional offices. These traveling boards would have to be composed of physicians and rating specialists from nearby offices. We estimate that such panels would cost $573,000 in travel and per diem expenses annually and would result in the loss of 21.7 man-years for the regional offices supplying the panel members. (See attachment D.)

Attachment A

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| BOSTON, MA | 1.1 | 23 | 0 | 0 | 0 | 0 |
| Providence, RI | 0.3 | 6 | 1 | 7 | 96 | 21 |
| White River Jct, VT | 0.1 | 2 | 1 | 3 | 68 | 130 |
| Manchester, NH | 0.4 | 8 | 1 | 9 | 82 | 22 |
| Togus, ME | 0.2 | 4 | 1 | 5 | 68 | 248 |
| MONTHLY TOTALS: | 2.1 | | | | | |
| Required Personnel: | 3 | (Swing Position Site) | | | | |
| Salaries: | $10,005 | | | | | |
| Travel Costs: | $421 | | | | | |
| Per/diem Costs: | $1,954 | | | | | |
| Total Monthly Costs: | $12,380 | Assign only 2 personnel for Phase 1 | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| NEW YORK, NY | 1.1 | 23 | 0 | 0 | 0 | 0 |
| Newark, NJ | 0.9 | 18 | 0 | 18 | 6 | 10 |
| Hartford, CT (1/2) | 0.25 | 5 | 1 | 6 | 83 | 55 |
| MONTHLY TOTALS: | 2.25 | | | | | |
| Required Personnel: | 2 | | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $235 | | | | | |
| Per/diem Costs: | $498 | | | | | |
| Total Monthly Costs: | $7,403 | Service Hartford from Phila. for Phase 1 | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| PHILADELPHIA, PA | 0.9 | 18 | 0 | 0 | 0 | 0 |
| Wilmington, DE | 0.2 | 4 | 0 | 4 | 86 | 11 |
| Washington, DC | 0.1 | 2 | 1 | 3 | 117 | 62 |
| Baltimore, MD | 0.3 | 6 | 1 | 7 | 83 | 44 |
| Hartford, CT (1/2) | 0.25 | 5 | 1 | 6 | 83 | 80 |
| MONTHLY TOTALS: | 1.75 | | | | | |
| Required Personnel: | 2 | | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $230 | | | | | |
| Per/diem Costs: | $1,774 | | | | | |
| Total Monthly Costs: | $8,674 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| ATLANTA, GA | 1.3 | 27 | 0 | 0 | 0 | 0 |
| Columbia, SC | 0.4 | 8 | 1 | 9 | 73 | 310 |
| Roanoke, VA (1/3) | 0.2331 | 4 | 1 | 5 | 72 | 372 |
| MONTHLY TOTALS: | 1.9331 | | | | | |
| Required Personnel: | 2 | | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $682 | | | | | |
| Per/diem Costs: | $1,017 | | | | | |
| Total Monthly Costs: | $8,369 | | | | | |

In Phase 1, service Columbia with a physician from local VAMC

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| WINSTON-SALEM, NC | 0.8 | 17 | 0 | 0 | 0 | 0 |
| Roanoke, VA (1/3) | 0.2331 | 5 | 1 | 6 | 72 | 342 |
| MONTHLY TOTALS: | 1.0331 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $342 | | | | | |
| Per/diem Costs: | $424 | | | | | |
| Total Monthly Costs: | $4,101 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| NASHVILLE, TN | 0.8 | 17 | 0 | 0 | 0 | 0 |
| Roanoke, VA (1/3) | 0.2331 | 5 | 1 | 6 | 72 | 492 |
| MONTHLY TOTALS: | 1.0331 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $492 | | | | | |
| Per/diem Costs: | $424 | | | | | |
| Total Monthly Costs: | $4,251 | | | | | |

In Phase 1, service Nashville with a physician from St. Pete for 2 wks per mo.

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| MONTGOMERY, AL | 0.6 | 13 | 0 | 0 | 0 | 0 |
| New Orleans, LA (1/2) | 0.35 | 7 | 1 | 8 | 85 | 396 |

| | | |
|---|---|---|
| MONTHLY TOTALS: | 0.95 | |
| Required Personnel: | 1 | |
| Salaries: | $3,335 | |
| Travel Costs: | $396 | |
| Per/diem Costs: | $710 | In Phase 1, service New Orl with a physician from Waco for 8 days per mo. |
| Total Monthly Costs: | $4,441 | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| JACKSON, SC | 0.8 | 17 | 0 | 0 | 0 | 0 |
| New Orleans, LA (1/2) | 0.35 | 7 | 1 | 8 | 85 | 340 |

| | | |
|---|---|---|
| MONTHLY TOTALS: | 1.15 | |
| Required Personnel: | 1 | |
| Salaries: | $3,335 | |
| Travel Costs: | $340 | |
| Per/diem Costs: | $710 | In Phase 1, service New Orl with a physician from Houston for 8 days per mo. |
| Total Monthly Costs: | $4,385 | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| ST. PETERSBURG, FL | 2.0 | 42 | 0 | 0 | 0 | 0 |

| | |
|---|---|
| MONTHLY TOTALS: | 2 |
| Required Personnel: | 2 |
| Salaries: | $6,670 |
| Travel Costs: | $0 |
| Per/diem Costs: | $0 |
| Total Monthly Costs: | $6,670 |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| SAN JUAN, PR | 1.0 | 21 | 0 | 0 | 0 | 0 |

| | |
|---|---|
| MONTHLY TOTALS: | 1 |
| Required Personnel: | 1 |
| Salaries: | $3,335 |
| Travel Costs: | $0 |
| Per/diem Costs: | $0 |
| Total Monthly Costs: | $3,335 |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| CLEVELAND, OH | 1.3 | 27 | 0 | 0 | 0 | 0 |
| Buffalo, NY | 0.4 | 8 | 1 | 9 | 75 | 61 |
| Detroit, MI (1/3) | 0.2331 | 5 | 1 | 6 | 96 | 192 |

| | | |
|---|---|---|
| MONTHLY TOTALS: | 1.9331 | |
| Required Personnel: | 2 | |
| Salaries: | $6,670 | |
| Travel Costs: | $253 | |
| Per/diem Costs: | $1,271 | In Phase 1, service Detroit with a physician from Cleve for 6 days per mo. |
| Total Monthly Costs: | $8,194 | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| PITTSBURGH, PA | 0.9 | 18 | 0 | 0 | 0 | 0 |
| Detroit, MI (1/3) | 0.2331 | 4 | 1 | 5 | 96 | 250 |

| | | |
|---|---|---|
| MONTHLY TOTALS: | 1.1331 | In Phase 1 - |
| Required Personnel: | 1 | Service Pitt with physicians from |
| Salaries: | $3,335 | Buff and NY for 6 days per mo each |
| Travel Costs: | $250 | |
| Per/diem Costs: | $480 | Service Detroit with a physician |
| Total Monthly Costs: | $4,065 | #2 from Cleve for 6 days per mo. |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| MILWAUKEE, WI | 0.8 | 16 | 0 | 0 | 0 | 0 |
| Detroit, MI (1/3) | 0.2331 | 4 | 1 | 5 | 96 | 380 |
| MONTHLY TOTALS: | 1.0331 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $380 | | | | | |
| Per/diem Costs: | $480 | | | | | |
| Total Monthly Costs: | $4,195 | | | | | |

In Phase 1, service Detroit with physcian #3 from Cleve for 6 days per mo.

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| LOUISVILLE, KY | 0.7 | 14 | 0 | 0 | 0 | 0 |
| Huntington, WV | 0.5 | 10 | 1 | 11 | 66 | 76 |
| Indianapolis, IN | 0.4 | 8 | 1 | 9 | 75 | 50 |
| MONTHLY TOTALS: | 1.6 | | | | | |
| Required Personnel: | 2 | | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $126 | | | | | |
| Per/diem Costs: | $1,401 | | | | | |
| Total Monthly Costs: | $8,197 | | | | | |

Assign 1 for Phase 1

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| CHICAGO, IL | 0.9 | 18 | 0 | 0 | 0 | 0 |
| MONTHLY TOTALS: | 0.9 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $0 | | | | | |
| Per/diem Costs: | $0 | | | | | |
| Total Monthly Costs: | $3,335 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| ST. LOUIS, MO | 0.6 | 12 | 0 | 0 | 0 | 0 |
| Des Moines, IA | 0.2 | 4 | 1 | 5 | 73 | 470 |
| Lincoln, NE | 0.2 | 4 | 1 | 5 | 66 | 510 |
| MONTHLY TOTALS: | 1 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $980 | | | | | |
| Per/diem Costs: | $695 | | | | | |
| Total Monthly Costs: | $5,010 | | | | | |

In Phase 1, service Des Moines & Lincoln from St. Paul

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| ST. PAUL, MN | 0.3 | 6 | 0 | 0 | 0 | 0 |
| Fargo, ND | 0.1 | 2 | 1 | 3 | 75 | 236 |
| Sioux Falls, SD | 0.1 | 2 | 1 | 3 | 68 | 160 |
| MONTHLY TOTALS: | 0.5 | | | | | |
| Required Personnel: | 1 | (Swing Position Site) | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $396 | | | | | |
| Per/diem Costs: | $429 | | | | | |
| Total Monthly Costs: | $4,160 | In Phase 1, service with physician from local VAMC | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| DENVER, CO | 0.6 | 12 | 0 | 0 | 0 | 0 |
| Cheyenne, WY | 0.1 | 2 | 1 | 3 | 68 | 14 |
| Salt Lake City, UT | 0.1 | 2 | 1 | 3 | 85 | 54 |
| Albuquerque, NM | 0.2 | 4 | 1 | 5 | 84 | 84 |
| MONTHLY TOTALS: | 1 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $152 | | | | | |
| Per/diem Costs: | $879 | In Phase 1, service Denver with a physician from L.A. for 2 wks each mo. | | | | |
| Total Monthly Costs: | $4,366 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| LITTLE ROCK, AR | 0.8 | 16 | 0 | 0 | 0 | 0 |
| Muskogee, OK (1/2) | 0.25 | 5 | 1 | 6 | 61 | 480 |
| MONTHLY TOTALS: | 1.05 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $480 | | | | | |
| Per/diem Costs: | $366 | | | | | |
| Total Monthly Costs: | $4,181 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| HOUSTON, TX | 0.7 | 14 | 0 | 0 | 0 | 0 |
| Muskogee, OK (1/2) | 0.25 | 5 | 1 | 6 | 61 | 372 |
| MONTHLY TOTALS: | 0.95 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $372 | | | | | |
| Per/diem Costs: | $366 | | | | | |
| Total Monthly Costs: | $4,073 | | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| WACO, TX | 1.2 | 25 | 0 | 0 | 0 | 0 |
| Wichita, KS | 0.2 | 4 | 1 | 5 | 78 | 315 |
| MONTHLY TOTALS: | 1.4 | | | | | |
| Required Personnel: | 2 | (Swing Position Site) | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $315 | | | | | |
| Per/diem Costs: | $390 | | | | | |
| Total Monthly Costs: | $7,375 | Assign 1 position for Phase 1 | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| SEATTLE, #A | 0.6 | 10 | 0 | 0 | 0 | 0 |
| Anchorage, AK | 0.1 | 2 | 1 | 3 | 125 | 117 |
| Portland, OR | 0.4 | 8 | 1 | 9 | 75 | 62 |
| Boise, ID | 0.1 | 2 | 1 | 3 | 69 | 75 |
| Ft. Harrison, MT | 0.1 | 2 | 1 | 3 | 62 | 212 |
| MONTHLY TOTALS: | 1.2 | | | | | |
| Required Personnel: | 2 | | | | | |
| Salaries: | $6,670 | | | | | |
| Travel Costs: | $466 | | | | | |
| Per/diem Costs: | $1,443 | | | | | |
| Total Monthly Costs: | $8,579 | Assign 1 for Phase 1 | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| SAN FRANCISCO, CA | 0.8 | 16 | 0 | 0 | 0 | 0 |
| Reno, NV | 0.1 | 2 | 1 | 3 | 69 | 45 |
| MONTHLY TOTALS: | 0.9 | | | | | |
| Required Personnel: | 1 | (Swing Position Site) | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $45 | | | | | |
| Per/diem Costs: | $207 | | | | | |
| Total Monthly Costs: | $3,587 | In Phase 1, service from L.A or Seattle | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| LOS ANGELES, CA | 1.2 | 25 | 0 | 0 | 0 | 0 |
| Phoenix, AZ | 0.4 | 8 | 1 | 9 | 75 | 74 |
| San Diego, CA | 0.3 | 6 | 1 | 7 | 100 | 36 |
| Honolulu, HI | 0.2 | 4 | 1 | 5 | 102 | 350 |
| MONTHLY TOTALS: | 2.1 | | | | | |
| Required Personnel: | 3 | (Swing Position Site) | | | | |
| Salaries: | $10,005 | | | | | |
| Travel Costs: | $460 | | | | | |
| Per/diem Costs: | $1,885 | | | | | |
| Total Monthly Costs: | $12,350 | Assign 1 for Phase 1 | | | | |

HEARING OFFICER COSTS -- MONTHLY BY HUB

| HUB//SATELLITES: | SCHEDULED WORKLOAD | # MAN/DAYS | # TVL/DAYS | # PERDIEM | PERDIEM RATES | TRAVEL RATES |
|---|---|---|---|---|---|---|
| MANILA, PI | 0.5 | 10 | 0 | 0 | 0 | 0 |
| MONTHLY TOTALS: | 0.5 | | | | | |
| Required Personnel: | 1 | | | | | |
| Salaries: | $3,335 | | | | | |
| Travel Costs: | $0 | | | | | |
| Per/diem Costs: | $0 | | | | | |
| Total Monthly Costs: | $3,335 | | | | | |

(Hearing Officer is additional duty of AAO)

HEARING OFFICER COSTS — NATIONAL TOTALS

GS 13/2 annual salary is $40,018.
Travel costs based on least expensive mode for hub (air, train, pov).
Per diem costs based on projected workload travel requirements.
SQC costs based on grade of CO reviewers (GS 13/2).
Admin costs are for travel related elements, not clerical support.
Benefits are based on 12.5% of base salary.
Relocation costs based on $33,500 average per move.
Relocation travel costs based on $1,400 average per move.

| | |
|---|---|
| ANNUAL COSTS: | |
| Required Personnel: | 36 |
| Salaries: | $1,440,648 |
| Travel Costs: | $93,756 |
| Per/diem Costs: | $213,640 |
| SQC Costs: | $22,977 |
| Admin Costs: | $8,705 |
| Benefits: | $180,081 |
| Relocation costs: | $670,000 |
| Reloc travel costs: | $28,000 |

Total Annual Costs are $2,657,807 for 36, 1 person hearing panels.

| | |
|---|---|
| REQUESTED FUNDING: | |
| Travel Costs: | $93,756 |
| Per/diem Costs: | $213,640 |
| Relocation costs: | $670,000 |
| Reloc travel costs: | $28,000 |

Total Annual Costs of $1,005,396 requested for FY 89.

COST COMPARISONS FOR 1987 SCHEDULED HEARINGS

| | 1-Person Panels* | 3-Person Panels | Difference |
|---|---|---|---|
| Salary: | $1,620,729** | $1,364,084*** | $256,645 |
| Travel: | 93,756 | 0 | 93,756 |
| Per Diem: | 213,640 | | 213,640 |
| SQC | 22,977 | 0 | 22,977 |
| Admin. | 8,705 | 0 | 8,705 |
| Totals: | $1,959,807**** | $1,364,084 | $595,723 |

* For each of the 25,006 scheduled hearings, a one-person panel would have freed up 2 panel members for rating production, 2 for auth. production or 2 from appellate COW's.

** Represents full-time salaries (with 12.5% benefit costs) for 36 hearing officers. Since only 2/3 of the scheduled hearings are actually held (there is a 1/3 "no show" rate historically), some of the hearing officer's time will be available for non-hearing duties in certain regional offices.

*** Based on FY87 AMIS data - represents the hours actually spent on the FY87 hearing workload. (See next page for methodology.)

**** See attachment D for comparative cost of using 3-person traveling panels (part-time) to service the RO's which can not meet the Semenchuk requirements.

Attachment B

METHODOLOGY FOR SALARY COSTS FOR 1987 SCHEDULED HEARINGS

Assumptions:
AMIS data for FY87 hearing hours indicate 77, 313 total hours
(64,402 rating; 8041 authorization; 4870 appellate COW's)
Hourly salary rates for:

| | | |
|---|---|---|
| Hearing Officer | GS13/2 | - $19.24 |
| Rating Bd. Phys. | GS12/10 | - $20.36 |
| Rating Spec. | GS12/5 | - $17.75 |
| Sr. Adj. | GS11/5 | - $14.81 |
| Adjudicator | GS9/5 | - $12.24 |
| COW Member | GS9/5 | - $12.34 |

Calculations:
(Ratings - 3-Member Panel)

$20.36 per hr for rating bd. phys.
17.75 per hr for rating spec.
17.75 per hr for rating spec.
$55.86 per hr for salaries (rating panel)

64,402 reported hrs
21,467.3 panel hrs
3 members

21,467.3 panel hrs
X $55.86 per hr for salaries (ratings)
($1,199,165) salary costs for rating hearings

(Auth./3-Member Panel)

$14.81 per hr for sr. adj.
12.24 per hr for adjudicator
12.24 per hr for adjudicator
$39.29 per hr for salaries (auth. panel)

8041 reported hrs
2,680.3 panel hrs
3 members

2680.3 panel hrs
X$39.29 per hr for salaries (auth.)
($105,310) salary costs for auth. hearings

(Appellate COW's - 3-Member Panel)

$12.24 per member
x 3 members
$36.72 per hr for salaries (appel. COW's)

Attachment B

4,870 reported hrs

1,623.3 panel hrs

3 members

1,623.3 panel hrs
X $36.72 per hrs for salaries (appel. COW)
($59,608) salary costs for appel. COW hearings

$1,199,165 for ratings
105,310 for auth.
59,609 for appel. COW's
$1,364,084 salaries for 3-member panels

(Salary for Hearing Officers)
$40,018 per year (GS13/2)
X 36 hearing officers*
$1,440,648 salaries for hearing officers
$180,081 benefit costs (12% of base salary)
$1,620,729 total salary costs

*VARO Manila will use its Asst. A.O. as its hearing officer.

Attachment B

REQUIRED INCREASE IN ANNUAL EXPENDITURE
(If entire program is implemented at once
and AAO is hearing officer in Manila)

(Recurring)

| | | |
|---|---|---|
| Salary: | $125,833 | (promotion increases for 36 hearing officers from GS12/5 to GS13/2 plus 12.5% benefit costs; Vacancies not filled) |
| Travel: | 93,756 | (travel costs for 36 hearing officers - per attachment A) |
| Per Diem: | 213,640 | (per diem for 36 hearing officers - per attachment A) |
| SQC: | 22,977 | (See attachment G) |
| Admin: | 8,705 | (See attachment H) |
| Total: | $464,731 | |

(Add'l Costs for Initial Year)

| | | |
|---|---|---|
| Relocation: | $698,000 | (See attachment I) |
| Training: | 34,706 | (See attachment J) |
| Total for Initial Year: | $1,197,437 | |

Attachment C

REQUIRED INCREASE IN ANNUAL EXPENDITURE FOR PHASE 1
(10 hearing officers; Manila AAO; Phys. traveling to 6 RO's)

| | | |
|---|---|---|
| Salary: | $34,954 | (promotion increases for 10 hearing officers from GS12/5 to GS13/2, plus 12.5% benefit costs; Vacancies not filled) |
| Travel: | 62,364 | (See attachment E, "Phase 1 Travel and Per Diem Costs") |
| Per Diem: | 193,644 | (See attachment E, "Phase 1 Travel and Per Diem Costs") |
| SQC: | 6,697 | (29% of the hearing wkld will be done by the 11 hearing officers. VACO's SCQ sampling will be 10% of "held" hearings. See attachment F, "Cost for Initial Year SQC") |
| Admin: | 2,418 | (See attachment H, "Administrative Costs for Hearing Officers") |
| Relocation: | 174,500 | (See attachment I, "Permanent Change of Station Costs") |
| Training: | 10,318 | (See attachment J, "Training Costs for Hearing Officers") |
| Total: | $484,895 | for Phase 1 |

Attachment C

REQUIRED INCREASE IN ANNUAL EXPENDITURE FOR PHASE 2
(26 new hearing officers plus training for preexisting 11)

| | | |
|---|---|---|
| Salary: | $90,880 | (promotion increases for 26 hearing officers from GS12/5 to GS13/2, plus 12.5% benefit costs; Vacancies not filled) |
| Travel: | 93,756 | (See national annual travel costs in attachment A) |
| Per Diem: | 213,640 | (See national annual travel costs in attachment A) |
| SQC: | 27,204 | (See attachment F, "Cost For Initial Year(s) SQC") |
| Admin: | 8,705 | (See attachment H, "Administrative Costs for Hearing Officers") |
| Relocation: | 523,500 | (See attachment I, "Permanent Change of Station Costs") |
| Training: | 34,706 | (See attachment J, "Training Costs for Hearing Officers") |
| Total: | $992,391 | for Phase 2 |

Attachment C

## COSTS FOR 3-MEMBER TRAVELING PANELS

Assumptions:
Based on FY87 hearing workload
Traveling 3-person panels from nearby RO's will cover 22 RO's which can not meet Semenchuk requirements
Physicians from larger RO's will travel to 6 additional RO's which lack a second rating board physician and which have a sizeable rating hearing workload
Two additional RO's which lack a rating board physician and have a small hearing workload will use local VAMC physicians
RO's Fargo, Sioux Falls, Salt Lake City, Wichita, Reno and Honolulu will be visited bi-monthly
RO's:Cheyenne, Anchorage, Boise and Ft. Harrison will be visited quarterly

Calculations:

| | |
|---|---|
| Annual Travel Costs: | $165,852 |
| Annual Per Diem Costs: | $407,028 |
| Total: | $572,880* |

Man-days lost to RO's providing panel/physician: 470
(21.7 Man-years)

* This figure does not include costs for such administrative expenses as handling travel arrangements/authorizations/ vouchers or shipping claims folders/hearing transcripts back and forth between regional offices. It also assumes there would be no special SQC of the cases hadled by the traveling panels.

[Note: Estimated annual cost for 36 full-time hearing officers is $1,779,725. (See attachment B.)]

Attachment D

PHASE I TRAVEL AND PER DIEM COSTS

Assumptions:
10 hearing officers assigned to hub RO's will cover 22 RO's which can not meet Semenchuk requirements
Physicians from larger RO's will travel to 6 additional RO's which lack a second rating board physician and have a sizeable rating hearing workload
2 RO's which lack a second physician and have a small rating hearing workload will use local VAMC physicians
VARO Manila will use its AAO as its hearing officer .
RO's Fargo, Sioux Falls, Salt Lake City, Wichita, Reno and Honolulu will be visited bi-monthly; Travel amounts shown have been adjusted to monthly figures .
RO's Cheyenne, Anchorage, Boise and Ft. Harrison will be visited quarterly; Travel amounts shown have been adjusted to monthly figures

Calculations:

| Hub/RO's | # of H.O.'s | Monthly Travel $$$ | Monthly Per Diem $$$ |
|---|---|---|---|
| Boston | 2 | | |
| Prov. | | 21 | 672 |
| WRJ | | 130 | 204 |
| Manch. | | 22 | 738 |
| Togus | | 248 | 340 |
| Phila. | 2 | | |
| Wilm. | | 11 | 344 |
| Balt. | | 44 | 581 |
| Hart. | | 160 | 996 |
| Louisville | 1 | | |
| Hunt. | | 76 | 792 |
| St. Paul | 1 | | |
| Fargo | | 236 | 225 |
| Sioux F. | | 160 | 204 |
| Des M. | | 470 | 365 |
| Linc. | | 510 | 330 |
| Denver | 1 | | |
| Chey. | | 14 | 204 |
| SLC | | 54 | 255 |
| Albu. | | 84 | 420 |
| Waco | 1 | | |
| Wich. | | 315 | 390 |

Attachment E

| Hub/RO's | # of H.O.'s | Monthly Travel $$$ | Monthly Per Diem $$$ |
|---|---|---|---|
| Seattle | 1 | | |
| Anch. | | 117 | 375 |
| Boise | | 75 | 207 |
| Ft. H. | | 212 | 186 |
| Reno | | 100 | 207 |
| Los Ang. | 1 | | |
| San D. | | 36 | 700 |
| Hono. | | 350 | 1020 |
| (Traveling Physicians for 6 RO's) | | | |
| To Nashville | | | |
| from St. Pete. | | 300 | 1386 |
| To New Orleans | | | |
| from Waco | | 100 | 680 |
| from Houston | | 120 | 680 |
| To Detroit | | | |
| from Cleve. | | 576 | 1728 |
| To Pittsburgh | | | |
| from Buff. | | 250 | 504 |
| from N.Y. | | 206 | 504 |
| To Denver | | | |
| from L.A. | | 200 | 900 |
| (Local VAMC's for physicians for 2 RO's) | | | |
| Columbia | | | |
| St. Paul | | | |
| Monthly Totals: | | $5,197 | $16,137 |
| Annual Totals: | | $62,364 | $193,644 |

Attachment E

COST FOR INITIAL [illegible] SQC FOR [illegible]
(DONE IN VACO ONLY)

Assumptions:
VACO review of outcome of 10% of the 16,307 hearings held annually (1987 data)
.5 hours per review
GS13/5 reviewer (hourly salary rate of $21.10)
.5 hours administrative handling (RO &VACO combined)
GS4/5 clerical (hourly salary rate of $7.22)
No additional staffing in VACO

Calculations:

| | |
|---|---|
| 1630.7 | reviews to be done in VACO |
| X .5 | hours per review |
| 815.35 | hours |
| X $21.20 | per hour |
| ($17,204) | salary costs for reviewers |
| 1630.7 | claims folder/administration |
| X .5 | hours per folder |
| 815.35 | hours |
| X $7.22 | per hour |
| ($5,887) | admin./salary costs |
| $17,204 | salary costs for reviewer |
| 5,887 | admin./salary costs |
| $23,091 | VACO SQC costs |

(Phase 1)

| | |
|---|---|
| $23,091 | VACO SQC costs (above) |
| X .29 | Phase 1 share of nat'l hearing (10%) sample |
| $6,697 | Phase 1 SQC costs |

(Phase 2)

| | |
|---|---|
| $23,091 | VACO SQC costs (above) |
| X .71 | Phase 2 RO's share of nat'l hearing (10%) sample |
| ($16,394) | First Year RO's in Phase 2 |

Attachment F

| | |
|---|---|
| 472 | RO review of 10% sample of 4730 cases heard by Phase 1 hearing officers |
| X .5 | hours per review |
| 236 | hours in RO's |
| X $21.10 | per hour |
| ( $4,987) | cost of RO reviews of Phase 1 hearing officers cases |
| | |
| 116 | CO validation reviews (25% of RO sampling) of Phase 1 hearing off. |
| X .5 | hours per review |
| 58 | hours |
| X $21.10 | per hour |
| ($1224) | CO validation review costs |
| | |
| 1158 | cases for Phase 2 "initial year" CO review |
| 116 | cases for CO validation of Phase 1/RO SQC |
| 1274 | claims folders to VACO |
| X .5 | hours per folder |
| 637 | hours |
| X $7.22 | per hour |
| ($4,599) | admin./salary costs |

| | | |
|---|---|---|
| Totals: | $16,394 | VACO salary costs for Phase 2 "initial year" reviews |
| | 4,987 | RO reviews of Phase 1 hearing officers' cases |
| | 1,224 | CO validation of Phase 1/RO SQC results |
| | 4,599 | admin./salary costs for cases sent to VACO |
| | $27,204 | Phase 2 SQC costs |

Attachment F

(After Initial Test)

Assumptions:
10% sample of estimated 16,307 "held" hearings (annually)
25% CO validation review of RO's sample
.5 hours per review (both in RO & on VACO validation)
GS13/5 reviewer (hourly salary rate of $21.10)
.5 hours administrative handling (shipment to & from CO)
GS4/5 clerical (hourly salary rate of $7.22)
No additional staffing in VACO or RO's

Calculations:

| | | |
|---|---|---|
| RO | 1630.7 | reviews |
| | X .5 | hours per review |
| | 815.35 | hours |
| | X $21.10 | per hour |
| | ($17,204) | RO review costs |
| CO | 407.76 | reviews |
| | X .5 | hours per review |
| | 203.8 | hours |
| | X$21.10 | per hour |
| | ($4,301) | CO review costs |
| | 407.76 | claims folders/administration |
| | X .5 | hours per folder |
| | 203.8 | hours |
| | X$7.22 | per hour |
| | ($1,471) | administrative costs |
| | $17,204 | RO costs |
| | $4,302 | CO review costs |
| | $1,471 | Administrative costs |
| | $ 22,977 | SCQ costs |

Attachment G

ADMINISTRATIVE COSTS FOR HEARING OFFICERS

Assumptions:
2.5 hours per hearing officer per month to handle authorizations, arrangements and vouchers, plus typing schedules, etc.
GS5/5 secretary (hourly salary rate of $8.06)
Exclude VARO Manila since AAO will never travel

Calculations:

| | | |
|---|---|---|
| | $8.06 | per hour for secretary |
| | X 2.5 | hours per hearing officer/month |
| | $20.15 | per hearing officer per month |
| | X 12 | months |
| | $241.80 | per hearing officer per year |
| | X 36 | hearing officers |
| | ($8,705) | annual administrative costs |

| | | |
|---|---|---|
| (Phase 1) | $241.80 | per hearing officer per year |
| | X 10 | hearing officers |
| | $2418 | Phase 1 administrative costs |

Attachment H

COST FOR PERMANENT CHANGE OF STATION

Assumptions:
20 of the hearing officers will have to be relocated (5 in Phase 1)
PCS costs average $33,500 for relocation and $1,400 for relocation travel (per George Papenchak of 20D)

Calculations:

$34,900 per hearing officer
X 20 hearing officers
$698,000 PCS costs

(Phase 1)

$34,900 per hearing officer
X 5 hearing officers
$174,500 PCS costs

(Phase 2)

$34,900 per hearing officer
X 15 hearing officers
$523,500 PCS costs

Attachment I

## TRAINING COSTS FOR HEARING OFFICERS

Assumptions:
4.5 day "initial" training session in Washington, D.C.
37 hearing officers (11 in Phase 1; 37 in Phase 2)
Per diem rate of $117 per day
Incidental expenses of $20 for each hearing officer during travel
Average travel cost per hearing officer of $362 (Based on data from A.O. conferences)

Calculations:

| | | |
|---|---|---|
| | $117 | per diem |
| | X 4.5 | days in session |
| | $556 | per hearing officer |
| | X37 | hearing officers |
| | ($20,572) | per diem costs for initial session for all officers |
| | $362 | travel costs per hearing officer |
| | X 37 | hearing officers |
| | ($13,394) | travel costs for all officers |
| | $20 | incidental costs per hearing officer |
| | X 37 | hearing officers |
| | ($740) | incidental costs for all officers |
| | $20,572 | per diem costs |
| | 13,394 | travel costs |
| | 740 | incidental costs |
| | $34,706. | total training costs for all officers |
| (Phase 1) | $556 | per hearing officer |
| | X 11 | hearing officers |
| | ($6,116) | per diem for Phase 1 training |
| | $362 | travel costs per hearing officer |
| | X 11 | hearing officers |
| | ($3,982) | travel costs for 11 officers |

Attachment J

| | |
|---|---|
| --- | ---- |
| | hearing officer |
| X 11 | hearing officers |
| ($220) | incidental costs for all officers |
| | |
| $6,116 | per diem costs |
| 3,982 | travel costs |
| 220 | incidental costs |
| $10,318. | total training costs for all officers |

Attachment J

PROPOSAL TO CHANGE THE COMPOSITION AND SIZE
OF RATING BOARDS AND HEARING PANELS

The consent decree which will settle the Semenchuk lawsuit specifically states that "[disability pension] hearings will be conducted by VA personnel who bear decision-making responsibility and who did not participate in the proposed adverse action." This is a restatement of a principle established in Plato v. Roudebush, a 1976 Federal District Court case from Baltimore. In response to this 1976 suit, Chapters 14 and 18 of M21-1 were revised to provide that any C&P hearing, in so far as possible, is to be held before Adjudication Division employees who did not participate in the decision at issue, who have decisionmaking authority over the subjects under review, and who will have jurisdiction over the rating or authorization action that will be taken as a result of the hearing. Paragraph 14.36g allows the "did not participate" requirement to be waived when there are insufficient qualified personnel to form a "fresh" hearing panel.

The proposed DVB Circular which will implement the Semenchuk decision flatly states that all hearings on C&P issues will be held before a "fresh" hearing panel. We have been advised by the General Counsel's staff that once the consent decree is signed (probably in mid-August), we will have six months to implement all non-computer provisions. After that the Agency could be challenged if we allow stations to continue to use hearing panels composed of personnel who participated in the adverse or proposed adverse decision. Technically, the Semenchuk agreement covers only disability pensioners in the State of Illinois. In actuality, failure to apply its due process procedures to all C&P programs nationwide would leave the Agency open to litigation in multiple jurisdictions.

Current staffing levels (and anticipate future staffing reductions) will severely hamper efforts to comply with the requirement that "fresh" personnel be assigned for all hearing panels. Presently hearing panels are composed of three members (the number of signatories required for a rating decision). As shown on the attached chart, in 16 regional offices staffing in the rating board is insufficient to permit the formation of a rating hearing panel under the new rules. In a total of 31 stations there is no second rating board doctor who could be assigned to a hearing panel. Three stations (Anchorage, Cheyenne and White River Junction) would be unable to form an authorization hearing panel.

We have considered a number of options (see attachment A) and determined that the optimal solution is to reduce the size of the hearing panels so that stations can continue to service their own hearing requests. There is no statutory requirement as to the size of a hearing panel. The only legal specification is provided by pertinent court cases, which dictate that the hearing must be conducted before individuals who have the authority to make a decision (i.e., take action) on the issue under review. Therefore, we could reduce the size of hearing panels by changing the M21-1 paragraphs which specify the number and type of individuals who must

sign a rating decision or authorization action.

The most efficient use of our limited rating manpower would be to have all routine rating decisions signed by only one rating board member. The Adjudication Officer would be given the discretion of increasing the number of signatories on the rating or the size of the hearing panel if he or she felt the circumstances of the case warranted such an action. The Adjudication Officer would also be given the authority to determine which rating specialists should be given single signature authority. Rating board doctors would remain available as medical consultants. They would (generally) not sign ratings but would attend hearings. In stations with more that one rating board doctor, doctors who are fully trained in rating procedures could, at the discretion of the Adjudication Officer, be given authority to prepare ratings.

The possibility of biased or erroneous ratings arising due to the reduction in the number of signatories could be addressed by several mechanisms. For example, the SQC sampling size could be increased for rating issues. In addition, guidelines could be developed to allow service organization representatives to take their objections concerning any given (unpromulgated) one-signature rating to a Section Chief or Assistant Adjudication Officer for review. That individual would be authorized to either concur in the proposed rating or to submit the case to an expanded rating board.

If it is determined that blanket use of one-signature ratings is infeasible, consideration should be given to allowing single-signature ratings for certain types of issues. For example, ratings on original claims for service connection could be handled by two rating specialists. Pension ratings and non-original compensation ratings could be prepared and signed by one rating specialist. Dual and single signature authority would be granted by the Adjudication Officer only to fully trained rating specialists.

We believe there are several arguments that can be made in favor of the proposal to reduce the size of the rating board..

It would allow us to comply with the "fresh hearing panel" requirement with a minimum expenditure of resources and disruption of workload.

It would allow the time now spent in reviewing and signing ratings prepared by the other rating specialist(s) to be used for increased productivity and increased quality.

It would allow rating board doctors to concentrate on researching the medical aspects of new or complex rating issues.

It would not prohibit consultation among rating specialists and would permit multiple signatures if the rating specialists and the Adjudication Officer felt it was warranted.

Single signature authority would increase accountability among rating specialists and facilitate remedial training where necessary.

Because the vast majority of authorization actions require only [illegible] signatures, there would be no procedural difficulty in adopting [illegible] member hearing panels for authorization issues. In fact, we understand that this practice has already been adopted in some stations.

Below is a brief outline of the recommended approval authorities for various types of claims.

| Type of Claim/Action | Approval Authority | Composition of Hearing Panel |
|---|---|---|
| Authorization Issues | Adjudicator & Authorizer | Adjudicator & Authorizer |
| Rating Issues* | | |
| A. Service-connected Disabilities & Benefits | | |
| Establishment or Initial Denial of S/C | 1 or 2 R.S.'s** | 1 or 2 R.S.'s** |
| Subsequent Decisions | 1 Fully Trained R.S. | 1 Fully Trained R.S. |
| B. Nonservice-connected Pension and Special Monthly Pension | | |
| All Decisions | 1 Fully Trained R.S. | 1 Fully Trained R.S. |

* Rating board doctor would act as a medical consultant.
** The term "rating specialist" includes the Adjudication Officer and Assistant Adjudication Officer.

We have considered a number of other possible solutions to this problem and reached the following conclusions:

* The use of non-qualified individuals to fill out hearing panels (e.g., adjudicators for rating hearings or claims clerks for authorization hearings) would be found unacceptable if we were taken to court (to say nothing of the reaction from service organizations).

* The use of DM&S medical personnel to fill our rating board doctor deficit appears to be totally infeasible. Several stations have gone this route in the past and have reported serious problems. Given that there will undoubtedly be further cuts in DM&S staffing, it unlikely that we can count on continuing, let alone increased, DM&S assistance.

* The possibility exists of transferring hearing requests to neighboring stations. White River Junction cases, for example, could be sent to Boston or Manchester. This would have a serious impact, however, on the resources of the receiving stations. In the Western States it would also mean forcing beneficiaries to travel long distances to have a hearing. Finally, it would mean shunting a large number of claims folders back and forth between stations.

* Traveling hearing panels are costly, detrimental to timeliness and administratively burdensome.

  - Trips would have to be scheduled monthly or quarterly, as the workload demanded, and the hearing panel would have to allot time not only for the actual hearings but also for pre-hearing review of the claims folders.

  - There is no guaranty that the claimant(s) will appear for the scheduled hearing(s). At the other end of the spectrum it is very hard to anticipate how much time a particular claimant will want in order to present his or her case. A hearing scheduled for one hour could very easily stretch to an hour and a half or two hours, throwing off the schedule for the rest of the day.

  - Air fares and per diem are expensive. In addition, travel funds are usually among the first items hit when there is a budget crisis.

  - The traveling panels would have to be formed by drawing personnel from other stations. Workload in the donating station(s) would be affected not only while the panel was in travel status but also subsequent to its return, when the hearing cases would have to be transferred in so that the panel member(s) could prepare the post-hearing ratings or authorization actions.

Attachment A

## RATING BOARD STAFFING AS OF 12/31/86

| | MD's P-T | MD's F-T | R.S.'s | TOTAL | A.A.O. | FY 85 HEARINGS: NO. | HOURS |
|---|---|---|---|---|---|---|---|
| 1. Anchorage | - | - | 1 | 1 | - | 18 | 43 |
| 2. Cheyenne | - | - | 1 | 1 | - | 59 | 198 |
| 3. White Riv. Jct. | 1 | - | 1 | 2 | | 75 | 239 |
| 4. Boise | 2 | | 1 | 3 | - | 99 | 348 |
| 5. Fargo | - | - | 2 | 2 | - | 43 | 231 |
| 6. Ft. Harrison | - | - | 2 | 2 | - | 80 | 426 |
| 7. Manchester | 1 | - | 2 | 3 | - | 148 | 440 |
| 8. Manila | - | 1 | 2 | 3 | X | 116 | 347 |
| 9. Sioux Falls | - | - | 2 | 2 | | 30 | 118 |
| 10. Wilmington | (Vacancy) | | 2 | 2 | - | 123 | 429 |
| 11. Honolulu | 1 | - | 3 | 4 | - | 75 | 258 |
| 12. Huntington | - | 1 | 3 | 4 | - | 142 | 670 |
| 13. Lincoln | 1 | - | 3 | 4 | - | 102 | 340 |
| 14. Providence | 1 | - | 3 | 4 | - | 239 | 741 |
| 15. Reno | - | - | 3 | 3 | - | 108 | 372 |
| 16. Togus | 1 | - | 3 | 4 | - | 132 | 986 |
| SUBTOTALS-RO's 1-16: | 8 | 2 | 34 | 44 | | 1599 | 6186 |

(Stations 1 - 16 have less than 5 individuals, including the A.O. and the A.A.O., to make rating decisions.)

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 17. Salt Lake City | 1 | - | 3 | 4 | X | 109 | 368 |
| 18. Albuquerque | - | 1 | 4 | 5 | X | 172 | 537 |
| 19. Hartford | - | 1 | 5 | 6 | - | 395 | 1461 |
| 20. Wichita | 1 | - | 6 | 7 | - | 105 | 506 |
| 21. Denver | - | 1 | 7 | 8 | X | 209 | 1256 |
| 22. Portland | 1 | - | 7 | 8 | X | 219 | 1560 |
| 23. San Diego | - | 1 | 7 | 8 | - | 255 | 1230 |
| 24. St. Paul | - | 1 | 7 | 8 | X | 250 | 850 |
| 25. Columbia | - | 1 | 8 | 9 | X | 355 | 1251 |
| 26. Detroit | - | 1 | 8 | 9 | X | 653 | 2359 |
| 27. Muskogee | - | 1 | 8 | 9 | X | 214 | 807 |
| 28. Nashville | - | 1 | 8 | 9 | X | 386 | 1167 |
| 29. New Orleans | - | 1 | 8 | 9 | X | 400 | 1114 |
| 30. Phoenix | - | 1 | 9 | 10 | X | 329 | 1685 |
| 31. Pittsburgh | - | 1 | 9 | 10 | X | 392 | 1292 |
| SUBTOTALS-RO's 17-31: | 3 | 12 | 104 | 119 | | 4443 | 17543 |
| SUBTOTALS-RO's 1-31: | 11 | 14 | 138 | 163 | | 6042 | 23729 |

(Stations 1 - 31 have 1 or no rating board doctor.)

Attachment B

| H.O. | ALJ's P-T | ALJ's F-T | R.D.'s | TOTAL | A.A.O. | FY 85 HEARINGS NO. | FY 85 HEARINGS HOURS |
|---|---|---|---|---|---|---|---|
| 32. Baltimore | - | 2 | 5 | 7 | - | 392 | 1045 |
| 33. Des Moines | 1 | 1 | 5 | 7 | 1 | 233 | 579 |
| 34. HRO | 1 | 1 | 7 | 9 | 1 | 59 | 260 |
| 35. Indianapolis | 1 | 1 | 7 | 9 | 1 | 297 | 1614 |
| 36. Jackson | - | 2 | 7 | 9 | - | 612 | 784 |
| 37. Little Rock | 2 | 1 | 8 | 11 | - | 396 | 1444 |
| 38. Milwaukee | 2 | 1 | 8 | 11 | 1 | 364 | 1045 |
| 39. Atlanta | - | 2 | 10 | 12 | 1 | 837 | 2168 |
| 40. Boston | - | 2 | 10 | 12 | 1 | 838 | 2733 |
| 41. Buffalo | 2 | 1 | 10 | 13 | 1 | 214 | 1248 |
| 42. Louisville | - | 2 | 10 | 12 | 1 | 373 | 1996 |
| 43. Montgomery | 1 | 1 | 10 | 12 | 1 | 572 | 1418 |
| 44. Newark | 1 | 1 | 10 | 12 | 1 | 406 | 2467 |
| 45. Seattle | 1 | 1 | 10 | 12 | 1 | 330 | 1247 |
| 46. St. Louis | - | 2 | 11 | 13 | 1 | 358 | 2362 |
| 47. Winston-Salem | 1 | 1 | 13 | 15 | 1 | 381 | 942 |
| 48. Los Angeles | - | 2 | 14 | 16 | 1 | 885 | 6550 |
| 49. San Juan | 1 | 1 | 14 | 16 | 1 | 439 | 2030 |
| 50. Philadelphia | - | 2 | 15 | 17 | 1 | 547 | 1234 |
| 51. Chicago | - | 2 | 16 | 18 | 1 | 489 | 2201 |
| 52. Houston | - | 2 | 16 | 18 | 1 | 415 | 1876 |
| 53. Roanoke | 2 | - | 16 | 18 | 1 | 123 | 1057 |
| 54. San Francisco | - | 2 | 16 | 18 | 1 | 869 | 3139 |
| 55. Waco | - | 2 | 18 | 20 | 1 | 463 | 1720 |
| 56. Cleveland | 3 | 2 | 19 | 24 | 1 | 718 | 6381 |
| 57. New York | 1 | 2 | 19 | 22 | 1 | 889 | 4744 |
| 58. St. Petersberg | - | 4 | 28 | 32 | 1 | 1248 | 4262 |
| SUBTOTALS-RO's 32-58: | 20 | 43 | 332 | 395 | | 13747 | 58546 |
| GRAND TOTALS: | 31 | 57 | 470 | 558 | | 19789 | 82275 |

* Complete data for FY 86 is not available, but trends indicate that the total number of hearings would be less than the number for FY 85. Estimated FY 86: 16,981

Attachment B (cont'd)

86-265 0 - 88 - 5

DEPARTMENT OF VETERANS BENEFITS

COMPENSATION AND PENSION WORKLOAD DATA

| | FY 1985 | FY 1986 | % Change | FY 1987 | % Change | FY 1988 | % Change | FY 1989 | % Change |
|---|---|---|---|---|---|---|---|---|---|
| Original C&P | 741,966 | 707,822 | -4.6 | 695,742 | -1.7 | 693,927 | -0.3 | 692,160 | -0.3 |
| Adjustment C&P | 2,937,553 | 2,609,682 | -11.2 | 2,525,690 | -3.2 | 2,452,100 | -2.9 | 2,389,850 | -2.5 |
| Ancillary C&P | 634,575 | 396,574 | -37.5 | 368,887 | -7.0 | 399,250 | +8.2 | 397,940 | -0.3 |
| Voc. Rehab. | 117,895 | 109,659 | -7.0 | 105,898 | -3.4 | 103,700 | -2.1 | 101,600 | -2.0 |

Chart submitted for the record - CBD's abbreviated statement - May 26, 1988

Veterans Administration

In Reply Refer To:

You have filed what the law calls a "Notice of Disagreement" with our action on your claim, the first step in appealing to the Board of Veterans Appeals. This letter and attachments give you very important information. Please read them carefully.

By law we are required to send you the attached "Statement of the Case" so that you can make the best possible argument to the Board of Veterans Appeals as to why you think our ruling should be changed. This is not a decision on your appeal but an explanation of what was done here.

Your argument or "Substantive Appeal" should be set out on the attached VA Form 1-9. If there is anything you do not understand about the instructions on the form, we will gladly explain. The important things are to say, in your own words, what benefit you want, what facts in the statement you disagree with, and any error you believe we made in applying the law. The facts stated are especially important since we will assume you agree with any statement of fact to which you take no exception.

When the form is returned to us, your case will be sent to the Board of Veterans Appeals in Washington for a decision. The Board of Veterans Appeal will base its decision on an independent review of the entire record.

If we do not hear from you in 60 days, we will assume you do not intend to complete your appeal and we will close our record. If you require more time, please let us know within 60 days.

Sincerely yours,

Enclosures

STATEMENT BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE

COMMITTEE ON VETERANS' AFFAIRS, U. S. HOUSE OF REPRESENTATIVES

BY

ALBERT J. BLAND, NATIONAL COMMANDER

AND

CHARLES M. WILLIAMS, EXECUTIVE DIRECTOR

AMERICAN EX-PRISONERS OF WAR

WITH RESPECT TO

HEARINGS ON QUALITY AND TIMELINESS

IN THE

DEPARTMENT OF VETERANS BENEFITS

WASHINGTON, D.C. MAY 26, 1988

Mr. Chairman and Distinguished Members of the Committee

Quality and timeliness of the Department of Veterans Benefits' services are issues of vital concern to former prisoners of war. They are also of continuing concern.

We regret to say there has simply been no discernible improvement in DVB adjudication services since PL 97-37 became law in 1981. As you know, that landmark legislation was in response to facts generated to a considerable degree by VA's own excellent 1980 report. It documented that long-term health consequences would frequently occur, and that POWs invariably lacked adequate service records concerning injuries and illnesses suffered during confinement. The practical problems of POWs obtaining fair and equitable resolution of their legitimate claims were recognized by Congress which sought then, and via later legislation, to correct. The VA POW Advisory Committee established by that legislation has repeatedly affirmed that the adjudication procedure, as implemented, is not effective for many deserving POWs.

How has DVB responded? First, despite all of the evidence to the contrary, DVB has yet to acknowledge that any serious deficiencies in adjudicating POW claims even exist! Indeed, in testimony given to Congress from PL 97-37 to the present, DVB has steadfastly—and blindly—insisted that adjudication policies and procedures were already equitable and fair—and no changes were needed. DVB appears unable—or unwilling—to take an objective and critical look at what really happens in

the adjudication of POW claims.

What has been the position of DVB on extending the presumptive list? It opposed the addition of anxiety states as proposed in what became PL 97-37. It did so despite overwhelming evidence from its own records as well as research studies documenting that emotional residuals of unresolved anxiety were many times more common in POWs even when compared to other combat veterans. DVB has subsequently opposed or not supported the addition of residuals of frozen feet, traumatic arthritis, peripheral neuropathy, gastric ulcers and spastic colon—all conditions verified to occur at high incidence rates in the POW population!

What has been the rationale of DVB for its position? It is simply that such additions to the presumptive list are "unnecessary", that these conditions are already being granted on a direct basis upon review of "available" medical evidence. Mr. Vogel, Chief Benefits Director, so testified as late as June 30, 1987 before the Senate Committee on Veterans Affairs as have his predecessors at every opportunity. We note that Mr. Vogel in that testimony prefers to say "may be presumed"rather than "shall" as is written in the law. This also is used in the field. As the POW Advisory Committee has noted "may", as used by DVB, is permissive rather than directive as Congress intended except in those cases rebuttable by intercurrent evidence. We have repeatedly pointed out the extremely poor data system

DVB continues to use to "monitor" adjudication action on POW claims. Evidence that DVB is content with the "quality" of its data and satisfied with its analysis is clear. DVB finds no problem, potential or otherwise, in the fact that, from October 1, 1981 to January 1, 1987, 91,596 POW claims for diagnosed conditions were denied while 23,700 were "granted or increased". DVB improperly groups "granted or increased" together, but few claims are actually newly granted except for "anxiety states" which comprised 41% of that 23,700 total.

In a letter to Congress, dated June 23, 1986, DVB acknowledged there were 5,585 denials of gastrointestinal conditions closely allied to and including spastic colon. Only 289 had been granted or increased for a denial rate of 95%!

In DVB Circular 21-87-5, dated February 24, 1987, 1,700 previous denials were cited for residuals of cold injury and traumatic arthritis. Field stations were to review and reevaluate. In a follow-up survey report, dated January 19, 1988, DVB found that service connection was granted for 234 frozen feet and/or traumatic arthritis claims, or 19% of the 1233 cases reviewed by November 10, 1987. As evidence of careless data gathering, DVB did not even do the basic step of determining how many of these 1233 were cold injury claims and how many were traumatic arthritis. Of this number, 151 were made service connected under the provisions of PL 99-576 for residuals of cold injury. Question, is that 151 out of 1233 or some lesser portion of that total figure? Obviously, it is the latter, but it could be any number from 151 to 1233! There is simply no defense for

such inept data in a major federal program.

Despite all the evidence that many POWs did not come to VA for help after their discharge but sought to make it on their own, the following comments were made by VA in responding to the July 1987 Biennial Report of the Advisory Committee on Former POWs.

> "We can reasonably assume that most veterans with chronic physical disability come to VA shortly after their release from the military... We could easily accept this explanation (that POWs did not do so) for any psychiatric condition, but we would have difficulty believing that major physical disabilities, such as heart disease, liver ailments, or arthritis have gone unattended for 40 years..."

Those comments, and others in the same report, clearly reflect a deeply held judgmental attitude that permeates DVB from top to bottom. It does not reflect real objectivity, a genuine open mind toward individual claims, or a willingness to put aside doubts and go that extra mile to be thorough and fair.

In DVB field installations, adjudicators are well aware of this general attitude and simply do not seriously consider such DVB instructions as were most recently reflected in M21-1, Change 415, January 3, 1986, or other guidelines that appear to assure POWs fair and equitable resolution of their claims. Program Guides from 1972 to the present have repeatedly carried this message of "burden of proof shifting to VA", "taking the

word of the veteran as proof", "absence of evidence is not determinative", "mere suspicion or doubt is not a justifiable basis for denying a claim", and the like. Yet DVB adjudicators throughout VA have repeatedly told our NSOs that they simply cannot apply these concepts <u>without more explicit</u> instructions from Central Office!

Except for anxiety states (which DVB <u>is</u> implementing as Congress intended), other conditions, as residuals of cold injury or traumatic arthritis, are typically handled almost as if the presumptive provisions did not exist. Rather than the proper consideration of possible intercurrent causes, POWs must still prove their claim in many cases on almost the same basis as before. We base this on "the reasons for denial" that are typically given.

In summary, we find a continuing and unchanging pattern in DVB's <u>actual</u> adjudication of POW claims that, except for psychiatric conditions under presumptive provisions, simply do not assure a fairminded and just resolution of those claims. There is a pervasive attitude that most new claims of POWs are unwarranted, even exploitive, which adversely affects the quality and timeliness of DVB services to former prisoners of war at all levels.

The Department of Medicine and Surgery, in stark contrast, has been genuinely open and responsive to the needs of POWs for health care services. It accepts the need for change, corrects deficiencies, and has earned the confidence of POWs that it is determined to provide quality and timely services. We know that

there are many conscientious and dedicated employees in DVB who, with more positive leadership and more explicit directions, would provide quality and timely services. We regret that this day has not yet arrived.

Thank you.

STATEMENT OF
RICHARD F. SCHULTZ
ASSOCIATE NATIONAL LEGISLATIVE DIRECTOR
DISABLED AMERICAN VETERANS
BEFORE THE
SUBCOMMITTEE ON COMPENSATION,
PENSION AND INSURANCE
OF THE
COMMITTEE ON VETERANS AFFAIRS
U. S. HOUSE OF REPRESENTATIVES
MAY 26, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

On behalf of the more than 1.1 million members of the Disabled American Veterans and its Ladies' Auxiliary, I wish to thank you for soliciting the views of the DAV on the subject of timeliness and quality of processing claims for compensation and pension in the Regional Offices of the Veterans Administration's (VA) Department of Veterans' Benefits (DVB).

Mr. Chairman, the DAV commends you on the timely exercise of your oversight responsibilities relative to the VA's ability to process compensation and pension claims filed by our nation's veterans and their families. Clearly, this reflects the sincere interest and concern of the Subcommittee for the manner in which our government provides benefits to America's disabled veterans, their dependents and survivors.

As you know, Mr. Chairman, the DAV's primary interest is in the welfare of America's service-connected disabled veterans and their families. However, DAV's services are not restricted solely to service-connected veterans, as we offer counseling and representation to all veterans, their dependents and survivors in any claim they may pursue for benefits administered by the VA.

In order to provide service to our nation's veteran population, the DAV employs approximately 260 full time, professionally trained National Service Officers (NSOs). DAV NSOs are physically located in or regularly visit VA Regional Offices to provide representation to those veterans who desire our services.

To ensure that each individual VA claimant receives complete and thorough DAV representation throughout the claims processing system, the DAV also maintains a National Appeals Office here in Washington, D.C. staffed by nine highly skilled National Appeals Officers (NAOs).

Mr. Chairman, as you know, "the mission of the Veterans Administration is to serve America's veterans and their families with dignity and compassion and to be their principal advocate in ensuring that they receive the care, support and recognition earned in service to this nation." Also, the VA's DVB is charged with the responsibility of ensuring "that an appropriate level of benefits is provided within the law to eligible veterans and beneficiaries."

Mr. Chairman, in testimony presented last year we informed the Subcommittee that DAV NSOs reported that the vast majority of VA employees are genuinely committed to providing the maximum compensation and pension benefits allowable by law to our nation's disabled veteran population and their families. However, without exception, our NSO's hastened to add that there are a number of concerns which they believe effect both the quality and timeliness of VA compensation and pension determinations. These areas include:

* the steady decline in the number of DVB employees over the past several years;

* delays in receiving service medical records;

* long delays in receiving inpatient and outpatient reports from VA medical centers;

* length of time it takes to obtain a VA compensation and pension examination;

* the VA's preoccupation with end products;

* production standards for VA adjudication personnel;

* the inadequacy and over reliance on pattern letters; and

* the impersonal nature of computer generated correspondence.

Mr. Chairman, with your indulgence, I would like to again discuss these and other issues affecting quality and timeliness in VA claims processing.

## DVB STAFFING

Since Fiscal Year 1978, VA's DVB, has experienced a 38% reduction in staffing at VA Regional Offices nationwide. One VA Regional Office surveyed by a DAV NSO revealed a 43% reduction in DVB personnel with a corresponding decrease in workload of only 14%. Simply put, DVB employees at that Regional Office are asked to produce nearly 30% more work today than was performed by employees in Fiscal Year 1978. While this Regional Office represents one of the worse cases we encountered, it does however, represent the general state of affairs for VA Regional Offices across the country -- a state which must be addressed and corrected in order to relieve the unrealistic workload demands placed on DVB employees.

Mr. Chairman, the devastating effects of continued staff reductions in DVB on the timeliness of VA claims processing is perhaps best illustrated by the VA's lowered expectations in terms of the percentage of original compensation and pension cases to be completed within 90 days -- a period of time, we believe to be reasonable. The VA obviously shared this view. For example, in 1979 the goal for processing original compensation claims was that 75% would be completed within 90 days and 80% of original pension claims were to be completed within the 90 day time period. The goals are now 50% and 70%, respectively.

Even more revealing is the fact that, for purposes of assessing field office performance, it is acceptable (to VA management) if only 35% of original compensation claims and 55% of original pension claims are processed within 90 days. Fiscal Year 1987 data reveals that only 31% of original compensation claims and 53% of original pension claims are being processed within this time frame. Moreover, 25% of the original compensation claims and 12% of original pension claims were not being processed within six months. Also, the gap between 90 day and six month completion of these cases is considerable. We suspect that the bulk of these cases within that category were, on the average, processed in time frames closer to six months rather than 90 days.

Mr. Chairman, to illustrate the severe staffing problems being encountered at some VAROs we offer the following example:

> In an effort to determine the status of an application submitted to the VA for Chapter 31, Vocational Rehabilitation Training for two possible DAV NSO Trainees, the Supervisor of one of our National Service Offices attempted to contact the Chief of the Vocational Rehabilitation Section at that Regional Office. In contacting the Vocational Rehabilitation Office, our NSO Supervisor was informed that the Chief of Vocational Rehabilitation was unavailable as he was in the mail room working his five required hours per week in an effort to alleviate backlogs in that section.

Mr. Chairman, as you know, the salary of a GS-14 Vocational Rehabilitation Specialist is quite a bit higher than a GS-3 or GS-4 mail clerk. However, due to the severe shortages of employees in DVB, some Regional Office Directors are forced to use such extreme measures -- a classic example of "penny-wise and pound foolish."

Mr. Chairman, as a result of the increased demands being placed on adjudication personnel to do more with less, our NSOs also report that morale at Regional Offices continues to decline and some adjudication personnel are taking timesaving shortcuts (which I will discuss later in this statement) in an effort to keep ahead of the never ending large volume of work which they must perform.

While we certainly understand the need to control the spiraling federal deficit, and we have supported some Congressional efforts to accomplish this goal, quite frankly, we do not believe due consideration has been given to the number of employees necessary to produce quality decisions on a timely basis which materially effect the lives of our nation's veterans and their families.

## DELAYS AFFECTING CLAIMS PROCESSING

As you know, Mr. Chairman, an original compensation claim requires certain documents and evidence in order to establish service-connected status, as well as the degree of disability. Certainly, service medical records are critical in this process. Without exception, our NSOs report that, in varying degrees, veterans' compensation claims are being unduly delayed -- sometimes up to a year -- while awaiting receipt of service medical records.

Mr. Chairman, a June 1986 General Accounting Office (GAO) study brought to light several problems regarding the timely delivery of service medical records from military personnel record centers to VA regional offices. We are aware that, as a result of the GAO findings, the VA and record center officials have taken action to improve response time. These corrective actions include:

* The Army plans to eliminate the need for VA to resubmit requests when records are still in transit from separation processing offices to the Army Personnel Records Center. An automated process will hold all initial requests and provide the medical records to the VA when they become available.

* The VA plans to send the National Archives and Records Administration's National Personnel Records Center (NPRC) an automated tape of all VA regional office requests for medical records. These requests are currently mailed to NPRC. This process will save

three to five mailing days and reduce lost or misrouted requests.

* NPRC plans to enter manually prepared requests to its data base and match them with the VA-provided tape to identify duplicate requests. This will improve NPRC processing capabilities and expedite responses to the VA.

Mr. Chairman, we applaud efforts taken to improve the timely receipt of military records by the VA. However, we are not persuaded that these initiatives are working, as our NSOs continue to report that compensation claims are still being unduly delayed awaiting receipt of service medical records.

Another area of concern among DAV NSOs continues to be the length of time it takes to receive inpatient and outpatient reports and VA examinations from VA's own medical centers. Far too many compensation/pension exams take up to seven months and, in some cases, as much as one year to be returned to VA Rating Boards by VA medical centers. Also, receipt of hospital reports and outpatient records are delayed anywhere from two weeks to six months before reaching VA Rating Boards. Obviously, these long delays place many veterans in financial hardship -- especially those veterans who are unemployed or hospitalized by reason of their service-connected disabilities and who are dependent on the receipt of VA compensation payments to provide for themselves and their families.

Mr. Chairman, the problems of timely receipt of VA examination and hospital records from VA medical centers is not new. Far too many problems remain, given VA's attempts to correct these delays.

As indicated in previous testimony before the Subcommittee, one solution to the timeliness problem may be to establish a system whereby VA regional offices and VA medical centers can communicate via their computer systems. This, we believe, will decrease the necessity of time-consuming written and telephonic communications.

## END PRODUCT MEASUREMENT

Mr. Chairman, the VA system of measuring the timeliness of VA claims processing (often referred to as the "end product syndrome") continues to be one of the most troublesome issues faced by VA regional office employees and DAV National Service Officers, as well. End products are established in the VA computer system (TARGET) for each claim received at a VA regional office.

Essentially, end products measure the time it takes to complete claims and also act as a diary system to maintain control of VA claims. Additionally, as I will discuss later in this statement, regional offices use this end product system to measure the productivity of their employees.

Last year, DAV NSOs obtained timeliness information from their respective VA regional offices. This information revealed that the average time to process an original compensation claim ranges from 100 to 180 days and reopened claims take anywhere from 60 to 100 days to complete. In checking back with some of our NSO offices, we have been informed that the timeliness situation has not improved and, in fact, some offices report an increase in the time it takes to process compensation and pension claims.

Mr. Chairman, as you may recall, last year we reported on the efforts of one of our NSOs to determine the accuracy of VA

timeliness statistics. This NSO reviewed 14 reopened claims for increased compensation. When a VA exam was conducted, the review disclosed that the number of days to process this type of claim was 178 days -- fully 83 days longer than the statistics provided by the regional office. Similarly, the total number of days required to complete a reopened claim -- where hospital records were obtained -- was 156 days...61 days longer than the average time reported by this VA regional office. We have again contacted this NSO and are advised that no appreciable change has taken place relative to these statistics.

We again point this out, Mr. Chairman, not to question the VA's statistics on timeliness, rather, we wish to demonstrate that only noting the average number of days it takes to process a broad category of claims does not truly reflect the length of time that some reopened claims take to be processed. The delays noted above, for the most part, affect eligible veterans who are most urgently in need of timely processing of their claims for replacement of lost income due to service-connected disability.

To comment further on the VA system of establishing end products, it is significant to note that end products may be taken at different times on claims which have the same end product, based on the circumstances in each individual case. For example, an original compensation claim may be quickly disposed of where it is established that the veteran has a bad discharge; service medical records are submitted with the claim; and in those instances when a veteran fails to report for a VA examination or submit evidence requested by the VA. In those compensation claims where it is necessary to obtain service medical records and complete a VA examination, obviously it takes much longer than the average time stated by the VA for original claims.

Similarly, reopened claims vary according to type and the need for development. Examples of speedy reopened claims include: a claim received with sufficient medical evidence (no VA examination is needed); or a claim received with the necessary documentation to establish an additional dependent for compensation or pension payments. Reopened claims that take much longer include those claims which require a greater degree of development -- such as requesting VA examinations or VA hospital reports.

## ADMINISTRATIVE DISALLOWANCE

Mr. Chairman, a procedure known as administrative disallowance (also referred to as a record purposes denial) is an additional concern to the DAV. As you know, this is another means by which the VA measures the timeliness of their claims processing activities. This is a process whereby claims are disallowed when veterans fail to comply with the VA's request for additional evidence (generally 60 days).

The DAV fully understands the necessity of establishing a system to measure the timeliness of VA claims processing. However, for the reasons stated, we view such end product measures with skepticism.

Possibly, a system that would further break down original and reopened compensation/pension claims into additional categories would provide a clearer picture of the length of time it takes to process claims. It might well relieve pressure on DVB personnel, inducing them to work for veterans, rather than for end products.

PRODUCTIVITY STANDARDS

Mr. Chairman, of the concerns voiced by DAV NSOs, as well as VA employees, the greatest concern surrounds the VA's productivity standards set for DVB personnel who are charged with the responsibility of making decisions on veterans' claims for compensation and pension benefits.

While we do not point an accusing finger at anyone, we must point out that the system of evaluating performance of Rating Board personnel may be subject to misuse or abuse by individuals in an effort to achieve their end products. For example, a Rating Specialist may take the easy way out by preparing a handwritten confirmed and continued rating rather than dictating a more time-consuming typed rating. Also, a Rating Specialist may stockpile certain, less time-consuming ratings for a period when he/she needs to reach quota.

Mr. Chairman, the following example, we believe, accurately reflects the general state of affairs which continues to exist in many Regional Offices throughout the country regarding the VA's over reliance on end products in the evaluation of DVB adjudication employees.

> The supervisor at one of our National Service Offices expressed his frustration in dealing with the Rating Board by indicating that he "never thought he would see the day when he would argue an end product with a Rating Board." He went on to describe how he had taken an unpromulgated rating (a rating in which administrative action had not yet been taken to input the decision) back to the Rating Board requesting that they reconsider their decision based on additional evidence he wished to present to them. In reply, the Rating Board informed this NSO that they would not reconsider the rating, as they needed the end product, further indicating that the veteran could either reopen the claim or appeal the decision -- both options causing a needless delay in the veteran's claim. This same NSO also advised us of an incident where a quality Rating Board Specialist with considerable rating experience decided to terminate his employment, rather than sacrifice quality as a result of the constant pressure to produce end products.

STATISTICAL QUALITY CONTROL

Mr. Chairman, another area of concern to the DAV is the VA's quality review system. This system, known as "Statistical Quality Control" (SQC), is designed to keep adjudication and Rating Board personnel technically proficient in quality processing of VA claims. While we applaud the VA for its quality control efforts, we must state that until the VA relieves the undue pressure being placed on DVB employees to produce more and more end products, problems such as those previously discussed will continue to increase and the morale of DVB employees will continue to decline.

TRAINING

The degree of training currently being provided to DVB's compensation and pension personnel is seriously inadequate. Due to tight funding, coupled with the loss of highly skilled rating specialists, training of Rating Board and other adjudication personnel has been severely restricted. The lack of adequately trained personnel, we believe, is definitely a factor in the increasing number of appeals being filed by VA claimants and their representatives.

Mr. Chairman, in order to assure timely and high quality rating decisions, it is necessary, we believe, to allocate funding for this specific purpose. With that in mind, the Independent Budget by Veterans for Fiscal year 1989, submitted for Congressional consideration by four of the major veterans' service organizations, has clearly and concisely addressed this issue. The DAV fully supports and endorses the recommendations proposed by the Independent Budget to address this serious matter, and strongly urges the adoption of such recommendations.

* * *

Mr. Chairman, at this time we would like to briefly comment upon recent VA efforts to address the issue of quality and timely VA benefit determinations.

As you know, Mr. Chairman, the consent decree in the Semenchuk vs. Walters lawsuit resulted in the creation of a new hearing officer position within the VA's appeals process. These hearing officers (36 positions in 33 hub Regional Offices) will conduct personal hearings on DVB benefit issues and render an independent decision by a person not involved in the original benefit determination.

Since the new appeal procedure has not yet been placed into operation, quite naturally, we are unable to comment on its effectiveness. However, I can assure you that the DAV will closely monitor the implementation of this new process to assure that veterans, their dependents and survivors receive quality, timely decisions on their claims for benefits from the VA.

Mr. Chairman, while we are reserving judgement on the effectiveness of the new hearing officer position, we must express our concern that the 36 FTEE needed to staff these new positions will come from existing employees. The loss of these skilled Rating Board personnel underscores the urgent need for additional FTEE in DVB and the establishment of an effective training program.

Mr. Chairman, we are also aware that the VA's Chief Benefits Director has recently issued a circular (DVB Circular 20-88-7) setting forth strategic planning guidance for DVB's Fiscal Year 1990 budget. This circular, which espouses a management philosophy that "business as usual" cannot continue, discusses, among other things, the issues of quality and timeliness in an environment of "severely constricted resources."

The DAV certainly agrees with DVB's assertion that "business as usual" cannot continue if veterans are to receive quality, timely decisions on their benefit claims. We, therefore, look forward to an Administration budget proposal for Fiscal Year 1990 calling for realistic funding levels in DVB which will provide sufficient FTEE to provide high quality benefit determinations for our nation's veteran population in a timely manner.

* * *

Mr. Chairman, the observations and statistics provided in our statement disclose several very important points:

1. DVB employment levels have decreased significantly over the past decade without a corresponding decline in workload.

2. The VA's emphasis on end products, as well as production standards, negatively affect quality.

3. Timeliness in obtaining evidence necessary to adjudicate veterans' claims from military and VA medical centers needs to be improved.

4. The continued decline in FTEE has negatively impacted on quality, timely VA benefit determinations and caused a decline in morale among DVB employees.

Mr. Chairman, these intolerable situations can and must be resolved.

The answer to providing veterans' quality and timely service is, in our opinion, quite simply additional FTEE, training, and funding, as set forth in the VSO's Independent Budget for Fiscal Year 1989.

Mr. Chairman, actions must be taken to alleviate the conditions which place end product pressures on VA personnel to produce more, more and more. The emphasis must be returned to quality and timely VA benefit determinations. The system must serve veterans, not the system.

This concludes my statement, Mr. Chairman. I again wish to thank you and the members of this Subcommittee for holding today's hearing on these most important matters.

STATEMENT OF

NOEL C. WOOSLEY

AMVETS NATIONAL SERVICE DIRECTOR

Before The

COMMITTEE ON VETERANS' AFFAIRS

U.S. HOUSE OF REPRESENTATIVES

On

TIMELINESS OF PROCESSING AND QUALITY OF DECISIONS
WITHIN THE DEPARTMENT OF VETERANS BENEFITS

9:00 a.m., May 26, 1988

Room 334, Cannon House Office Building

Mr. Chairman, members of the Committee, AMVETS is pleased to present our views on the subject of timeliness and quality of decisions with respect to the Department of Veterans Benefits.

Nearly all of our National Service Officers (NSOs) report delays due to staffing (FTEE) constraints of regional office personnel.

Administrative divisions are hard hit by a lack of local authority to replace personnel who chose to leave the system. Data transcription units are understaffed resulting in distribution of dictation to other stations with resultant delays ranging from four weeks to six months to transcribe formal rating decisions, statements of case, and hearing transcripts. Our NSO's do report though, formal ratings are usually prioritized for promulgation purposes.

File activities are effected with backlogs in drop-file, pull-mail, and delivery of file to the various activities of the R.O. Our Atlanta, Georgia office reports that that RO currently has no file clerks, and adjudicators are required to regularly rotate duties to perform file activities. This not only affects employee morale and the quality of work performed, timeliness is affected.

Many of our NSOs express serious concern about reducing the number of station rating boards, and the assignment of medical members to more than one board. The ROs place a great emphasis on productivity goals causing members to hastily sign off on rating actions without independently reviewing the evidentiary record. Without an independent review by the board members, descenting opinions are a scarcity, and there is an expressed reliance on the Board of Veterans Appeals to resolve obvious reasonable doubt, or request needed development.

Our NSOs report unusual delays in MAS (Medical Administrative Services) response to adjudications requests for medical treatment records, scheduling, and returning official examination reports

for completion of rating activities. We are led to believe that these delays, which may extend up to five months, even though adjudication submits multiple requests, are due in fact to shortages in personnel.

Our concerns with respect to the continued reduction of staff levels within the Department of Veterans Benefits are clearly spelled out and documented in great detail in the Independent Budget, which the members of this Committee received copies. The information found in this cooperative endeavor, by four of the major veterans organizations, addresses many of the issues expressed in Mr. Applegate's letter of invitation to appear here today.

In the realm of quality of decisions AMVETS has identified a chronic problem in the adjudication of one specific disability and we feel it is important to share our concerns with this Committee.

As you are aware, Post Traumatic Stress Disorder is an acquired psychoneurosis wherein symptoms manifest subsequent to experiencing an emotionally traumatic event; generally outside the range of usual human experience. Symptoms may begin either immediately, or many years subsequent to the traumatic event, rendering this a complex disorder for adjudication and diagnostic purposes.

DVB is aware of these complexities and issued specific instructions, DVB Circular 21-86-10, to local rating authorities to ensure proper development, and decisional judgment. It is our experience that these instructions are not regularly followed.

Verification of a stressor is a necessity in this claim. The veteran must reveal, often at great pain, the stressor to treating clinicians, examining physicians, and the rating board. To the latter usually in writing at DVBs insistence. The rating board must verify the actual existence, or reasonable probability

of an exposure to a stressor. This is accomplished by either reviewing the veteran's discharge certificate; requesting his/her military personnel records to verify military occupation specialties and unit assignments as alleged; or requesting corroborative evidence from the U.S. Army and Joint Services Environmental Support Group.

Most often, rating boards are satisfied to deny a veteran's claim by simply reviewing the military discharge certificate. This document may not reflect the primary MOS of the veteran when he served in combat. It also may not reflect all of his entitled awards, i.e., Combat Infrantyman's Badge, Combat Action Ribbon, Purple Heart, Combat Engineer Badge, Combat Medic Badge, Fleet Marine Force Combat Operations Insignia, in addition to the more readily recognized valorous awards. Standing alone, any of these awards establish reasonable probability of exposure to a stressor to satisfy the diagnostic criteria of the disorder, and rendering of a favorable decision.

An additional problem encountered with the review of discharge certificates pertains to the veteran's reported Military Occupation Specialty (MOS). We have found that many veterans actually served in traditional combat specialties, yet their DD-214s show MOSs of cooks, medical record specialists, clerks, mechanics, truck drivers, and other non-combat related duties which were performed subsequent to combat assignments.

Due to these known deficiencies we feel that it would be beneficial for DVB to amend its already standing instructions to request copies of the veteran's military personnel records, as described in section d(2) upon receipt of a PTSD claim.

Our other concern with PTSD is the rating board's rejection of a favorable diagnosis replaced by examining and treating clinicians. Rarely are claims submitted without medical evidence of the presence of the disorder. In fact, many times evidence

is submitted with variable diagnoses from treating physicians and examining physicians. These diagnoses may include substance abuse disorders, personality disorders, psychoses and other neuroses preceding the diagnosis of PTSD. This does not rule out the presence of the disorder, and may be indicative of the veteran acclimating to the therapeutic environment.

Embodied in clinical reports, stressors are usually described, discussed, and symptoms associated with inservice events. The claims folder is not always provided to the examiner for official examinations and the examiner must rely on the veteran's self-reported history, and description of his disorder in a hurried exam. The examining physician may state that "PTSD is probably present" without actually providing an adequate diagnosis for rating purposes.

We feel that in cases where there are variable diagnoses, with presence of symptoms associable to inservice events, and examination reports which are in conflict with known facts, that those cases should be referred back to the examining physician for comprehensive reconciliation of diagnosis, as provided in current regulations.

This concludes my statement and I will be happy to answer any questions the members of the Committee may have.

*Statement of*

# *The American Legion*

1608 K STREET, N. W.
WASHINGTON, D. C. 20006

by

SAMUEL J. WALSH, ASSISTANT DIRECTOR
NATIONAL LEGISLATIVE COMMISSION
THE AMERICAN LEGION

and

PHILIP R. WILKERSON, ASSISTANT DIRECTOR
NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION

before the

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

on

## TIMELINESS AND QUALITY OF CLAIMS PROCESSING

MAY 26, 1988

STATEMENT OF PHILIP R. WILKERSON, ASSISTANT DIRECTOR
VETERANS AFFAIRS AND REHABILITATION COMMISSION
THE AMERICAN LEGION
BEFORE THE SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES
MAY 26, 1988

Mr. Chairman and Members of the Subcommittee:

The American Legion appreciates the opportunity to present its views on the operations of the Veterans Administration Department of Veterans Benefits, particularly with respect to the quality and timeliness of its processing and adjudication of veterans' benefit claims.

Over the years, Congress has established programs of direct benefits to veterans, their survivors and dependents, under title 38, United States Code. These programs are, for the most part, entitlements that statutorily must be funded. Their purpose is to provide compensation for service related disability and death, nonservice-connected disability and death pension benefits, education subsistence allowances, and burial benefits. 57 percent of the Veterans Administration's budget request of $27.9 billion for FY 1989 will be allocated to fund payments to those beneficiaries currently on the Compensation and Pension roll as well as those who establish eligibility in the upcoming year under existing law or newly enacted legislation.

The American Legion has expressed its views to the concerned Committees of the Congress on numerous occasions regarding the impact that consistent and persistent reductions in personnel in the Department of Veterans Benefits are having on the quality and timeliness of the work performed by those employees of the Department who must complete the processing and adjudication of claims and disburse benefits to those eligible to receive them. Fundamental to this concern is the fact that VA beneficiaries are, in the main, either service disabled, their survivors, or the aged and infirmed seeking pension. All of these beneficiaries are very much in need of the services and benefits being claimed, many on an urgent basis, to help maintain themselves and their families. The American Legion believes very strongly that they are entitled to and deserving of a system whereby their claims will be adjudicated in a fair and compassionate manner without undue delay. It is, therefore, essential that the Department of Veterans Benefits have the necessary resources to render decisions that are consistent with the provisions of the law, regulation, and VA policy and to make payments of any benefits due promptly, in order to achieve the measure of financial compensation and income support intended by Congress.

Hearings in recent years before this and other Congressional Committees have focused on the continuing deterioration in the quality of the adjudication process as well as a corresponding increase in the length of time required to complete action on benefit claims. This Subcommittee considered these problems and the agency's efforts to address them in the oversight hearing conducted in May 1987. Mr. Chairman, we wish to commend you for holding this timely hearing to reexamine the activities of the Department of Veterans Benefits and the operations of the adjudication division of the field offices.

Within the Veterans Administration, the Department of Veterans Benefits is directly responsible for the administration of the various programs of benefits for veterans and survivors through the operation of 59 regional offices located in the 50 United States, the Commonwealth of Puerto Rico, and the Philippines. While the total number of claims has been trending downward slightly in the last several years, the overall caseload handled by the VA's field offices has remained at a fairly high level. Several factors have contributed to this decline, such as the phasing-out of entitlement to education assistance benefits under the Vietnam Era GI Bill and the rising death rate of veterans of World War I and II together with a loss of dependents. Such losses have more than offset the number of new accessions to the benefit rolls. However, legislation has been recently enacted establishing a new program of educational assistance for certain active duty and reserve personnel under the Montgomery GI Bill as well as the granting of veterans' status to former members of the Merchant Marine. These measures will have a major impact on the benefit caseload in the immediate future.

The ability of adjudication division personnel in the regional offices to complete required action on pending claims is contingent upon both staffing and mechanical resources. The present adjudicative process is a combination of activities involving personal review and consideration of various application forms, evidence and historical files that culminates with the final input instructions to the agency's electronic data processing system or TARGET. This results in the generation of correspondence to the claimant, and any necessary new or amended award action. When this system is down because of a malfunction or repairs, action cannot be completed on pending claims and benefit payments cannot be made. Because TARGET is such a vital and integral part of DVB's claims processing activity, any loss of valuable production time will directly contribute to a rise in overall time it takes to complete action on pending claims.

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In FY 1987, over 4.8 million decisions were rendered by personnel of the adjudication division in the field offices of the VA on such diverse issues as entitlement to service-connected disability compensation, dependency and indemnity compensation, nonservice-connected disability and death pension, a variety of educational programs, including vocational rehabilitation, burial benefits, waivers of overpayments, dependency, income, etc. This heavy caseload is handled by a work force which has continued to shrink over the past ten years. Staffing has decreased by 41 percent since 1978, dropping from 6,004 to 3,549, a loss of 2,455 positions during this period. We note that a further reduction would be effected under the proposed budget for FY 1989 with an overall reduction in the Department of Veterans Benefits of 492 FTEE. In addition to the 248 FTEE to be cut from the Compensation, Pension and Education Service, Veterans Assistance would lose 73; Loan Guaranty 75; Insurance 49; Vocational Rehabilitation and Counseling 11; and Support Services 54. Justification in the budget request cites productivity improvements and an overall decline in the workloads as the basis for decreased employment. Included in the projected staffing requirement, was an anticipated savings of 11 percent or 54 FTEE due to ADP modernization.

The American Legion is supportive of economy in the management of personnel and in maximizing the productivity of all Federal employees. We have so stated in the past. However, veterans' claims have grown increasingly complex due in part to such issues as the pathology of post-traumatic stress disorder, the effects of exposure to Agent Orange and ionizing radiation, just to name a few. The more complex the issue in a claim the more manhours required to develop and properly adjudicate each case. Additional steps and time are now required to ensure claimants' due process rights. Given the overall size of the workload and fact that a minimum number of personnel is required to maintain a basic level of operation, it is difficult to see how the projected productivity increases can be achieved through decreases in numbers of employees in the regional offices.

The direct impact of reduced staffing levels is graphically illustrated by the steady increases in the processing times reported in benefit claims. According to available figures, in FY 1982, the regional offices were able to process 41.5 percent of their compensation claims in 90 days or less. By the end of FY 1987, they were only able to complete processing on 30.9 percent of the compensation cases within this standard and through the first 6 months of FY 1988, the percentage of cases completed has fallen

to 28.9 percent. In nonservice disability pension cases in FY 1982, 56.3 percent were completed in 90 days. By FY 1987, only 53.0 percent were completed within the 90 day standard and through the first 6 months of FY 1988, the percentage of cases completed has dropped to 50.9 percent. In FY 1982, 65.5 percent of burial claims were processed within the 30 day standard and in FY 1987 only 55.2 percent.

With respect to the impact of continued staffing cuts on the quality of decisions being rendered on claims for benefits, DVB reports the percentage of errors found in rating and authorization actions over the past eighteen months has increased. What is particularly disturbing to us is a continuing rise in the percentage of substantive errors. This type of error is defined as an incorrect action or clearly erroneous decision affecting entitlement rights of veterans and dependents which, if uncorrected, results in, or would result in the improper grant or denial of benefits, including the right to constitutional due process.

It appears the rise in the error rate as well as the deterioration in timeliness is directly attributable to the loss of many of the most experienced and productive personnel in the regional offices within the last two years. Large numbers of retirements have occurred among the cadre of senior adjudicators and rating board members. This group, known in the VA as the "Class of '46" joined the VA in the period immediately following World War II and are now in the latter years of their government careers. In the main, those employees who are replacing them are dedicated and hardworking, but lack the same overall level of expertise and knowledge which can only be gained through training and long experience. While DVB reports that much recent effort and attention has been devoted to training of its adjudication staff, we have not seen a corresponding improvement in quality.

DVB has utilized a number of means by which to achieve mandated staffing levels, such as attrition, retirements without replacements, and transfers to other agencies. In our view, this process has contributed significantly to the deterioration in quality and timeliness of regional office operations since it does not produce a uniform result at each station. More often as not, staffing imbalances are created. These may be temporary or become chronic as the workload must be reallocated among the remaining staff. Thus, there are fewer and fewer people trying to accomplish the same level and quality of work with limited internal resources. While acknowledging this problem, regional office directors and Central Office management are severely hampered in their efforts to deal

effectively with this type of situation due to the inflexibility of the Federal employment system and the agency's inability to transfer personnel to VA offices with critical staffing shortages.

The Department of Veterans Benefits is in the process of implementing the consent decree in the litigation Semenchuk v. Turnage by establishing a minimum of 30 hearing officer positions to conduct personal hearings at regional offices. Personnel for these positions will be recruited from existing adjudication staff. This will undoubtedly further exacerbate the problems of quality and timeliness in many field offices since qualified replacements are not readily available.

Mr. Chairman, we wish to comment on several additional factors which will have a very clear and immediate impact upon the field station workload. On January 19, 1988 veteran status was granted to the former members of the Merchant Marine. This group which numbers 80,000-90,000 is now eligible for the full range of benefits and services currently enjoyed by other war veterans and dependents. The small trickle of claims already received by the VA is expected to grow substantially in the months and years to come.

As previously cited, the budget proposal for FY 1989 includes a reduction of 54 FTEE based upon modernization savings. However, under the budget requested for ADP Systems Management, the funding level is some $12 million less than the FY 1988 level. The FY 1989 request and the short-term improvements to be undertaken or completed during this period, have not thus far addressed the critical problems of productivity or timeliness of claims processing, in our judgment. The American Legion is supportive of DVB's efforts to implement an ADP modernization program, in view of the age and limited capacity of the current TARGET system equipment. The ultimate goal of this modernization program will be to improve the efficiency and quality of claims processing operations in the regional offices, thereby realizing savings in staffing and resources. Claimants will likewise benefit by having their claims handled more expeditiously. It is, therefore, not at all clear how the current "bare bones" approach to modernization is expected to produce the projected personnel savings cited in the FY 1989 budget proposal.

We believe an obvious conclusion can be drawn that the continued reductions in staffing levels in the field stations have had a direct and adverse impact on the VA's overall ability to deliver benefits and services in an efficient and timely manner. The

erosion of processing times and quality has continued despite a variety of management and technical improvements with the Department of Veterans Benefits. These include such major initiatives as the Eligibility Verification Record program for pension recipients and the establishment of a direct data link with the National Personnel Records Center for processing requests for service records, to mention a few. The anticipated benefit of improved timeliness in the processing of claims has not materialized from these efforts. There is no doubt the planned introduction of new technology and the upgrading of current ADP equipment and systems will enhance field station operations. However, we hasten to note that the agency's present efforts toward modernization are primarily focused on maintenance of the current level of ADP support and long-range planning. Actual implementation of any major improvements and the resultant contribution toward a reduction in the processing time is still some years away.

Mr. Chairman, The American Legion is deeply concerned that the field operations of the Department of Veterans Benefits cannot effectively operate under current staffing levels. The evidence amply demonstrates it is not even able to hold its own in terms of processing benefit applications in a reasonable, timely and efficient manner. We are convinced that additional staffing support is urgently needed to stem the acknowledged deterioration in the quality and timeliness. Consideration of any staffing cuts in the future should be predicated upon the realization of improved levels of service to this nation's veterans.

STATEMENT OF

GORDON R. THORSON, SPECIAL ASSISTANT
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FORRIGN WARS OF THE UNITED STATES

BEFORE THE

SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES HOUSE OF REPRESENTATIVES

WITH RESPECT TO

THE PERFORMANCE OF THE DEPARTMENT OF VETERANS BENEFITS (DVB)
REGIONAL OFFICE ADJUDICATION ACTIVITY
AS IT EFFECTS TIMELINESS AND QUALITY OF
PROCESSING CLAIMS FOR COMPENSATION AND PENSION

WASHINGTON, D. C. MAY 26, 1988

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

The Veterans of Foreign Wars of the United States is comprised of over 2.2 million men and women, our VFW Ladies Auxiliary is made up of over 700,000 women, and our combined membership is quickly approaching 3 million concerned citizens. We are becoming increasingly concerned over the slow but obvious erosion of the Veterans Administration (VA) Department of Veterans Benefits Adjudication System.

The Department of Veterans Benefits (DVB) is the organization within the VA held responsible for administering the Agency's non-medical programs which provide financial assistance to veterans, their dependents, and survivors. The 1988 fiscal year budget for the DVB is in excess or $15.9 billion. The greatest portion of this budget, 97 percent or approximately $15.4 billion, is spent in direct payments to veterans, survivors and beneficiaries. The majority of this money is directed to compensation and pension entitlements paid to about 3.8 million veterans and survivors. The remaining 3 percent or $530 million is used for administrative costs to include the salaries of approximately 12,800 employees. A major component of DVB is the Adjudication Division, this division is responsible for the timely processing of claims while ensuring quality decisions. The activities of the Adjudication Division has a direct impact on many of our members, their families and their friends, as they must often rely solely on VA compensation or pension entitlements for their very existance.

Mr. Chairman, we thank you for again convening an oversight hearing on the VA's Department of Veterans Benefits. In your letter of invitation you stated: "During the past several years the Department of Veterans Benefits has experienced a continued decline in its ability to process veterans' claims in a timely manner while maintaining acceptable levels of quality. The Subcommittee is concerned that personnel reductions will further impair its ability to process these claims." We must commend you and the membership of this Subcommittee on your continuing concern over DVB personnel reductions and the resultant decliue in timeliness and quality of claims. The VFW is confident that, as a result of todays hearing, attention will again be directed toward rectifing a real injustice now plaguing the DVB and most importantly the veterans they serve.

As you are aware, Mr. Chairman, the VFW is interested i any issue that affects the welfare of America's veterans. To ensure high quality service to this nation's veteran population, we maintain an extensive group of professionally trained Department Service Officers (DSOs) located in every State and VA Regional Office. The VFW is committed to doing "whatever it takes" to ensure that veterans, their dependents and survivors receive the entitlements promised by a greatful nation. However, our DSOs can only do so much. They are not authorized to adjudicate claims, or directly control timeliness or the quality of the final decisions; they (DSOs) cannot do the VA's work for them.

On May 7, 1987, this very Subcommittee received testimony on DVB's adjudication activities. The VFW and all other major service organizations attended the hearing and presented their concerns. After conducting a survey of our service officers, the VFW concluded:

> "The results appear abundantly clear: the Veterans Administration is not providing an adequate level of staffing to properly adjudicate claims; and, as a result, it is taking an increasingly long time to process claims. These long delays coupled with increasing workloads are causing fatique in the adjudication system and veterans are suffering.
>
> "A summary of the information provided by our Service Officers suggests that there are three main reasons for Veterans Administration Regional Office (VARO) Adjudication Division deterioration: (1) the Veterans Administration is not providing sufficient staffing, (2) training provided by the VA is either insufficient or not properly targeted and (3) increasing workloads. The problem mix varies from station to station; some VAROs have adequate staffing, but, because of the workload they are unable to spend the time to properly train their staff; some VAROs have a well-trained staff but not enough personnel to handle the workload. When you combine the above three ingredients in various proportions at the 58 VAROs, the final product often lacks in timeliness and quality. Who is the ultimate victim? The veteran and/or their dependents--are the victims. Veterans are not adequately served when they must wait months for a simple decision nor are veterans properly served if there is any question as to the quality of that decision.
>
> "Our VFW Service Officers overwhelmingly suggest that sufficient staffing and training be provided at every VARO to ensure that every adjudication activity is able to provide the veteran they serve with a timely response and a quality product."

After reveiwing last year's survey results, we again contacted many of our field representatives and several DSOs for an update. The results are of major concern, timeliness and quality is continuing to suffer with many reports of further reductions in staffing. Since January of this year the VA has imposed a hiring freeze on DVB thus contributing further to the steady erosion and decline of effectiveness. The hiring freeze is claimed to be a consequence of the continuing need to meet budget constraints.

The VFW recently joined forces with AMVETS, Disabled American Veterans and Paralyzed Veterans of America in constructing and presenting to the Congress an independent budget for the Veterans Administration. During the combined presentation of our proposed budget, "MEETING THE CHALLENGE: To Keep the Promise, An Independent Budget by Veterans for Veterans' Programs, Fiscal Year 1989," to the Subcommittee on HUD and Independent Agencies of the Committee on Appropriations, we made it abundantly clear that they must stop any further reductions in funding for the administration of VA programs and activities. We recommended a three-part plan of action to attack the three main causes of severe deficiencies in the quality and timeliness of service provided in veterans' benefits programs. The plan calls for:

1. Addition of 543 FTEEs over the FY 1988 level for administration of benefit programs. The cost of this recommended staff addition is $17 million and it would be divided up among benefit program areas as follows: Compensation, Pension and Education, 342 FTEE; Vocational Rehabilitation and Counseling, 53 FTEE; Veterans Services, 148 FTEE. We also recommend additional staff for the loan guaranty program. Restoration of these positions would reverse only a small portion of the staffing cuts imposed in recent years.

2. Increased training for benefits program staff, particularly for staff involved in adjudicating applications for benefits. This will improve the quality and increase the nationwide uniformity of benefits determinations.

3. Modernization and integration of Electronic Data Processing (EDP) systems to increase productivity and provide the information flows among VA departments (and across federal agencies) needed to provide

timely and accurate benefit services to veterans with full regard to due process. In particular, EDP modernization and integration should:

- Link VA medical centers and regional offices
- Improve quality review and quality control
- Assure due process
- Include common workload and quality measurement systems for veterans benefits (which are administered by the Department of Veterans Benefits, DVB) and the Board of Veterans Appeals (BVA), which hears appeals in this area.

The principle that guides these recommendations is simple: Veterans should have timely, effective and convenient access to the benefits to which they are entitled. In particular, veterans seeking information should be able to obtain it easily, receiving swift, helpful and accurate responses; veterans applying for benefits should receive needed assistance in doing so and obtain speedy and correct adjudication of their claims; and veterans appealing initial benefit determinations should have their appeals quickly resolved.

In closing, the VFW would like to compliment the full Committee on their tireless efforts to continually upgrade and improve the Veterans Administration's ability to provide quality services. The House Veterans' Affairs Committee is obviously convinced that our nation's veterans deserve the best service possible from the Veterans Administration.

Mr. Chairman, if veterans are ever to receive timely and quality service, additional funding and adequate staffing must be provided. The House Veterans' Affairs Committee is totally aware of the need, we must join forces to convince the Budget and Appropriation Committees of that need.

Almost $16 billion was budgeted in Fiscal Year '88 to fund the Department of Veterans Benefits...yet, only $530 million was allowed to administer the department's programs.

The time has come to stop the erosion of DVB and repair the damage. We call on the Congress to heed the recommendations set forth in the service organizations' Independent Budget and ensure sufficient funding to provide the timely and quality service promised to veterans served by the Veterans Administration.

STATEMENT OF
JOHN C. BOLLINGER, ASSOCIATE LEGISLATIVE DIRECTOR
PARALYZED VETERANS OF AMERICA
BEFORE THE
SUBCOMMITTEE ON COMPENSATION, PENSION AND INSURANCE
OF THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
CONCERNING
THE TIMELINESS AND QUALITY OF PROCESSING CLAIMS
FOR COMPENSATION AND PENSION
MAY 26, 1988

Mr. Chairman and Members of the Subcommittee, it is a pleasure for me to be here today. On behalf of the Paralyzed Veterans of America, I wish to thank you for conducting this important oversight hearing regarding the VA Compensation and Pension (C&P) Program. I appreciate the opportunity to express our concerns regarding the effectiveness and efficiency of this critical program within the Department of Veterans Benefits (DVB). Specifically, we will discuss the current environment in which compensation and pension benefits are delivered. C&P Service's ability to provide disability benefits to our nation's veterans in a timely and accurate fashion represents, in our view, one of the most critical elements in the mission of the Department of Veterans Benefits.

I wish to preface my remarks by expressing PVA's sincere appreciation to you, Mr. Chairman, for your efforts on behalf of all disabled veterans who find themselves beneficiaries of the C&P Program. Today, we specifically compliment you for your efforts to examine and evaluate the manner in which these benefits are administered. There are several major factors affecting the ultimate ability of the Department of Veterans Benefits to fulfill its mission of delivering compensation and pension benefits in an efficient and timely manner.

The most significant of these factors are 1) current budget and staffing levels, 2) employee training programs, 3) automated data processing (ADP), and 4) the ability of the Department of Medicine and Surgery to respond to C&P exams in a complete and timely manner.

These four principal components, and management's ability to adequately control and influence the course of each, will determine the degree to which the Compensation and Pension Service succeeds in fulfilling its mission.

Current Budget and Staffing Levels

As you know, the major objective of disability compensation is to compensate those living veterans who have suffered the loss or reduction of earning capacity resulting from service-connected disabilities. Nonservice-connected pension benefits are based on permanent and total disabilities and countable income below a given level. For those individuals, whether they be service-connected or nonservice-connected veterans, DIC or pension widows, surviving parents or children, it is readily apparent that the VA's ability to deliver the check is as important as the public law that granted eligibility in the first place. Regardless of the VA program, beneficiaries rely heavily on the government's commitment to provide benefits in a timely manner.

Over the years, dedicated employees of the Department of Veterans Benefits have worked tirelessly to ensure that these individuals received benefits to which they were entitled in an efficient manner. Over the past decade and, more significantly, in the past several years, changes have occurred that seriously threaten the Department of Veterans Benefits' ability to continue its mission as Congress intended.

The Administration's continuous assault on DVB staffing levels has dangerously undermined the Agency's ability to meet basic quality of service standards. 1988 finds some of the smaller VA Regional Offices operating below minimum optimal levels. Pending workloads are substantial, numerous services have been adversely affected, and there is a critical shortage of trained staff.

The Administration contends that declining workloads and DVB modernization enable the VA to provide adequate service to beneficiaries. Unfortunately, timeliness standards have also declined. Staffing cuts have exceeded what would be justified by declining workloads. Modernization initiatives simply have not picked up the slack. By reducing DVB's budget and FTEE, the Administration has placed an exceptional burden on those individuals specifically charged with delivering compensation and pension benefits.

In assessing the overall problems facing C&P Service today, one must realize that there is a critical interaction between the various service divisions within DVB. Declining numbers of veterans' benefits counselors, adjudication personnel, field examiners, compliance surveyors, and others, collectively, affect one another in various ways. Due to C&P Service's reliance on all of these services, the overall decline in DVB staffing has been reflected, most adversely, by those individuals responsible for making rating decisions and writing awards.

The Administration has proposed a decrease of 492 FTEE in FY 1989. This includes 248 FTEE in Compensation, Pension, and Education Services. Since FY 1980, DVB staffing has been cut by 4,469 staff years. Without question, these cuts have been responsible in large measure for preventing DVB from meeting its standards for quality and timeliness.

The Administration's proposed budget and staffing reductions for FY 1989 will necessitate some form of undesirable personnel action. We wish to know how such reductions will occur. Will there be a reduction in force or a long hiring freeze? Will DVB employ the use of furloughs? What effect will this have on a staff already stretched to the limit by reductions in FTEE?

Mr. Chairman, PVA applauds this Subcommittee for its efforts to restore desperately needed personnel to DVB. Your success in this endeavor is absolutely essential in order for DVB to maintain the current level of services.

Training Programs

As the number of trained and experienced staff has declined over the past decade, critical training programs for new personnel have also suffered. Declining numbers of journeymen adjudicators continue to be responsible for "hit or miss" training of those learning the complex and critical trade of interpreting medical exams and the application of rating schedules. Adequate training programs, and sufficient staff to accommodate such instructive programs, are essential to the mission of C&P Services.

Automated Data Processing

DVB's need to modernize in order to improve services to veterans while reducing costs is unparalleled in recent history. Although much time and effort has been invested in determining the ADP needs of the Department of Veterans Benefits, very little concrete progress has been made toward a satisfactory solution. PVA urges that the modernization of DVB information systems be given the very highest priority. Immediate steps should be taken to ensure that economical systems are developed to meet these needs. We are encouraged by the recent appointment of the new Deputy Chief Benefits Director for ADP Systems Management. We are hopeful that under this new leadership, the Administration will be able to justifiably claim that DVB can adequately deliver benefits as the result of modernization. But DVB has a long way to go in order to meet the sophisticated ADP standards that will be required in the 1990's. We simply cannot afford to let this critical effort flounder as it has for the past seven years. The failure to ensure that realistic goals and objectives are actually attained will result in disastrous consequences for the beneficiaries of the C&P Program.

C&P/DM&S Relationship

One of the most glaring deficiencies in the overall VA ADP Program is the inability for DVB and DM&S to exchange information. The present Target System is entirely inadequate. The exchange of beneficiary information and examination requests between VA Regional Offices and VA Medical Centers is

currently a manual process. This results in unnecessary staffing costs. These are the same staff the Administration claims the VA does not need because of "modernization." The inability of DVB and DM&S to exchange information is one of the principle causes of untimely benefit delivery. This process should be automated as quickly as possible.

In addition to automated data exchange, the timeliness of benefit delivery is dependent on the length of time it takes DM&S to complete a C&P exam. In some cases, this can be in excess of 100 days. Often VAMC's fail to comply with the instructions of the Regional Office. Exams may be incomplete or may include clinical findings that do not support the diagnosis. Such examinations must be returned to the VAMC which significantly delays final resolution of the claim. We realize that the DM&S side of the equation is a topic for another day. Without acceptable examination turnaround time, however, C&P Service will not be able to deliver benefits in an acceptable time frame.

Within the past few months, PVA has completed our own timeliness survey for all DVB services. We have found that although most compensation claims were completed between 130 and 180 days, several Regional Offices reported average compensation claims taking in excess of 200 days. These figures were compiled this Spring and represent the continuing decline in C&P processing.

Another indicator of the quality of work being performed by Regional Office C&P Services is the action taken by the Board of Veterans Appeals (BVA) on cases under appellate review. Although total PVA cases have decreased since 1985, remands have increased during the same period. In 1986 and 1987, between 8 percent and 10 percent of remanded cases were returned because of procedural errors. Such remands are the result of improper administrative actions, i.e., careless mistakes.

Of the 8,564 cases remanded in 1987, (representing approximately 21% of total BVA cases), 1,781 were allowed by the Regional Office indicating procedural or substantive errors being corrected at the local level. Such errors result in long and totally unacceptable delays for applicants.

In conclusion, continual reductions in staff levels will magnify an already critically deficient situation in C&P. Staffing simply must be increased in order to reverse this potentially devastating trend. Equally important, DVB must come to grips with the deplorable lack of ADP systems presently in existence. It is critical that the "modernization" effort move forward with the highest priority.

Mr. Chairman, your continued interest and concern for the well-being of this vital program is sincerely appreciated by Paralyzed Veterans of America.

That concludes my testimony. I will be glad to answer any questions that you have.

Vietnam Veterans of America, Inc.
2001 S St., NW
Suite 700
Washington, DC 20009-1125

(202) 332-2700

**STATEMENT OF**

**VIETNAM VETERANS OF AMERICA, Inc.**

**PRESENTED BY**

**RICHARD E. O'DELL**
**Vice President**

**and**

**Chairman of VVA's Committee on Advocacy**

**and**

**PAUL S. EGAN**
**Legislative Director**

**Before the House Veterans Affairs Subcommittee on Compensation, Pension and Insurance**

**on**

# TIMELINESS AND QUALITY OF COMPENSATION & PENSION CLAIMS AT VA REGIONAL OFFICES

**MAY 26, 1988**

Mr. Chairman and Members of the Subcommittee, VVA appreciates the opportunity to present its views on quality and timeliness of compensation and pension claims within the VA's Department of Veterans Benefits.

Since the March 17, 1987 joint hearing on issues arising in connection with *NARS v. Turnage*, and the May 7, 1987 hearing on timeliness and quality in the VA Department of Veterans Benefits before this Subcommittee, and the publication of reports of both hearings (Serial No. 100-4, March 17, 1987, and Serial No. 100-11, May 7, 1987), there have been several additional hearings before both House and Senate Committees and additional committee reports have become available.

See, for example, April 28, 1988 hearing before Senate Veterans Affairs Committee on judicial review; February 18, 1988 hearing before House Governmental Operations Subcommittee, Chaired by Representative Ted Weiss; March 28, 1988 hearing before Senate Governmental Affairs Committee on Department of Veterans Affairs Act (Report 100-342, May 12, 1988).

Each of these proceedings has touched on aspects of issues that we will develop further in our statement. There has also been significant activity within the VA.

Our statement today focuses not so much on the numbers of errors and length of delays in processing claims as on (1) the impact of changes that recently have been implemented, (2) other changes proposed by the VA, and (3) serious problems unaddressed by the agency.

## THE NUMBERS

Although we are not focusing our testimony on the numbers, we are including with our statement today information that was provided by the VA to us officially on May 20, 1988. VVA APPENDIX A. Contrary to the representations by numerous VA witnesses over the past year that the VA does not maintain figures on the rate of errors—or does not maintain regional figures—these three pieces of paper present a concise set of figures purporting to represent both the timeliness and quality of decisionmaking for each of the 58 VA Regional Offices.

Having said that, we must also state that we cannot tell from the face of the documents provided by the VA whether the figures are the raw figures reported by each VA Regional Office or whether these are the rates as validated or certified by the VA Central Office Quality Review Staff. Of course, numerous studies have raised questions about the adequacy of the reports received from the various Regional Offices. Statistics for Portland indicate on the VA report a favorable-appearing rate of substantive and judgmental errors (only 0.8% and 0.5% respectively on authorization issues); in fact, as noted in a survey of that office that was conducted in September 1987, neither of these ratings had been validated on the Central Office semiannual review. In addition, the VA Central Office continues to experience difficulty in obtaining case files from VA Regional Offices that are necessary to evaluate quality. See, for example, SQC/Field Operations Training Letter (Oct. 20, 1987).

Another note of caution is necessary in examining these figures: although there is a recitation of a "Standard" on the bottom line of each VA report, that figure is actually the minimum acceptable level, not the published GOAL. Finally, the VA changed the standards and goals in late 1987—apparently at the beginning of Fiscal Year 1988. Those changes are not reflected on the official VA report. We have included them on reports that we generated and have attached to our statement.

### Quality of Decisions

Because looking at long lists of numbers can be confusing, we have extracted from these three pages those numbers for the top 13 VA Regional Offices and have attached them as VVA APPENDIX B. These 13 offices are those in Size Category 1 of the VA manual on manpower control and appear to be the offices with the largest case loads.

In addition, because looking at percentages dilutes the impact in terms of lives and real people, we have prepared an analysis of some of the other data that we recently obtained.

The top 13 offices (22% of the 58 VAROs) handled 62,572 original compensation and pension claims in Calendar Year 1987—45% of the total of original compensation and pension claims (139,207) for Calendar Year 1987. VVA APPENDIX C.

Given the significance of these 13 offices' workload, we are examining today the error rates in those offices. Examining the national averages dilutes the impact of errors that occur in these larger offices that are in fact handling the vast majority of the cases.

As shown in VVA APPENDIX B, in each of the six classes of errors reported on the pages provided by the VA, the 13 VAROs have higher rates of errors than the national averages (i.e., National Actuals). In addition, the trend in certain types of mistakes is increasing. See, for example, the substantive error rates (those major mistakes that made a difference in the amount of money paid) for Authorization actions. In 1986, the rate was 2.1%; in 1987, 3.1%; and in the 1st quarter of 1988, 4.1%—well above the standard established by the Central Office.

Of perhaps greater significance is the extent to which each of these 13 offices exceeds the goal that has been established. With one exception, in 1987 the averages of errors of the 13 offices uniformly exceeded the goal—in some cases the actual rates were two and three times greater than goal.

There is another whole group of veterans whose claims are not taken into account by the VA figures. These veterans are those whose claims were denied by the Regional Offices and appealed to the Board of Veterans Appeals—only to be remanded for conducting a medical examination or other action that should have been taken in the first place as part of the VA's obligation to help a claimant adequately "develop" his or her claim.

There has been a steady increase in remands over the years. In Fiscal Year 1987, 20.7% — 8,564 of the 41,296 cases processed by the BVA that year—were remanded. Although we have been denied access to the results of a task force study of the high remand rate at the Board of Veterans Appeals, some rather startling information is available: the task force agreed that remands were appropriate in two-thirds of the cases. The basis for many remands was the need for a special examination.

Although the Chief Benefits Director has stated that reversals by the BVA are not "errors" but differences of opinion concerning the weight of the evidence or differences in interpretation of law, clearly remands often are examples of erroneous processing by Regional Offices. Nonetheless, the 8,564 cases remanded in Fiscal Year 1987 are not a part of the statistics prepared by the Department of Veterans Benefits.

**Timeliness**

The information provided by the VA for 1986 through the 1st quarter of 1988 shows a marked decline in the timeliness of processing compensation claims by the top 13 VAROs that handle 45% of the claims. Some examples of this decline in timeliness are: Atlanta, down from 57% of its claims being completed within three months to only 47%; Detroit down from 42.2% to 28.8%; Houston down from 49% to 22%; San Francisco down from 36.6% to 18%. At least through FY 1987, the acceptable standard (that is, the minimum acceptable level) was to complete 35% of compensation claims within 90 days.

Note, however, that the GOAL of the VA is not 35% of the cases to be completed within 90 days, the GOAL is to complete 50%. Only St. Louis consistently met goal. One year Atlanta did. As discussed below, the goal is changing.

Some offices show an improvement: Cleveland, Philadelphia, St. Louis.

A similar decline in these top 13 VAROs' timeliness performance on pension claims is evident from the VA figures: Detroit down from 52.8% of pension claims completed within three months to only 38.2%; Houston down from 64.4% to 32.9%. Other offices showed an improvement in timely processing of claims: Cleveland, Philadelphia, St. Petersburg.

We have been informed that in response to the deteriorating performance rates in Houston, a practice has developed where newer cases are processed before older claims and dates are altered. When the individual who has supplied this information has retained counsel, we would be happy to supply the committee with a name so that you may further explore these charges.

Note, again, however, the goal of the VA on pension cases is to complete 70 percent of them within 90 days. As discussed below, the goal is changing—getting easier to meet. One other warning in considering these figures on timeliness: Many VA internal studies have documented the tendency of VA Regional Offices to abuse the "end product codes."

The VA figures on timeliness are based on computerized tracking of the dates when a particular end product code was taken. For example, EP 110 represents completion of an initial compensation claim; EP 180 represents completion of an initial pension claim. If the end products have been taken incorrectly, the timeliness figures will be wrong. A discussion of this problem is contained in *Issues Arising in Connection with NARS v. Turnage: Joint Hearing Before Comm. on Veterans Affairs*, 100th Cong, 1st Sess. 171, 243 (1987).

As with quality of decisions, so too with timeliness issues there is an additional factor to consider: those cases remanded by the Board of Veterans Appeals. The extra delay encountered by these claimants is enormous—and terribly detrimental to them. Of all the cases that this agency should be particularly sensitive to, those of persons with mental disabilities must be near the top. Nonetheless, the General Accounting Office has documented that at one VA Regional Office, the failure to schedule a psychiatric examination for a person claiming to have Post-Traumatic Stress Disorder added almost TWO YEARS to the process of finally obtaining PTSD disability benefits. These persons had to appeal to BVA just to "win" the right to have the proper examination. See *Veterans' Claims: Post-Traumatic Stress Disorder* (Rpt. No. GAO/HRD-87-22)(January 1987). GAO only studied this problem at one VA Regional Office because a Member of Congress requested the investigation.

## RECENT VA TOP MANAGEMENT ACTIONS

**Task Force on Quality and Timeliness**
In October 1986, the Department of Veterans Benefits assembled a task force to examine problems raised by the July 1982 Inspector General Report of Audit which found that the Statistical Quality Control system was not effective in measuring the actual levels of quality in benefits authorizations. Barry Barker, Director, Field Review Staff, Office of the Deputy Chief Benefits Director for Program Management, was the chairman of the Task Force The members of the Task Force included Adjudication Officers, Loan Guaranty Officers, a Veterans Services Officer and a number of other VA employees.

One of the concerns raised by Mr. Grady Horton, Chief Benefits Director for Program Management, under whose auspices this task force operated, was that "whatever the measures are that are being used in assessing the quality and timeliness of VA services, they be realistic, valid and 'believable,' not only internally, but to any exterior review." [emphasis added]
A number of major changes have been made and more are underway. Among them:

- reducing the time spent on evaluation of timeliness and quality by first-line supervisory personnel;
- shifting the primary responsibility for quality assurance from field offices to the Central Office;
- reducing the types of errors to look for;
- reducing the number of aspects of claims on which to record timeliness data;
- giving personnel more time to establish a date of claim;
- changing the name of an error category from "judgmental" to "material;"
- deleting procedural quality errors and maintaining such errors for training purposes only;
- reducing the number of errors that will be counted in a review of a claims file from all that exist to only a maximum of one;
- "dynamically" defining timeliness standards.

**VVA Reaction to Task Force Report**
We do not concur with many of the Task Force recommendations relating to adjudication functions. Some of the changes are cosmetic or a matter of semantics; other changes convey a fundamental shift in policy signalling a retreat from due process issues.

We are also concerned that despite the clear findings of the VA Inspector General in 1982, this final report of the Task Force persists in stating that:

> Many of the existing quality and timeliness standards were found to be valid, usable and worthwhile. This verification is significant as it confirms that the foundations of the quality and timeliness systems within DVB are sound. The systems currently in place are basically good and useful tools.

We believe there remains a strong need for a public and open process to examine and make recommendations to address the VA problems that have been painstakingly documented by the following studies:

- White Paper: Procedural Due Process: Its Applicability to the Compensation and Pension Service (1985) [reprinted at *Issues Arising in Connection with NARS v. Turnage: Joint Hearing Before Committee on Veterans Affairs*, 100th Cong, 1st Sess. 173 (1987)] [1987 Joint Hearing];
- Compensation and Pension Regional Office Quality as Measured by Central Office Quality Review (study of 1730 claims files from 20 major VAROs) [reprinted at 1987 Joint Hearing at 235];

- Inspector General Report: DVB Statistical Quality Control for Benefits Authorizations (Audit Report #1AB-B01-103) (July 15, 1982) [reprinted at 1987 Joint Hearing at 287];
- Program Evaluations of: Veterans Compensation for Service-Connected Disability, Dependency and Indemnity Compensation for Service-Connected Death and Death Compensation, Pension for Non-Service-Connected Disability, Pension for Surviving Spouses and Children (1984);
- President's Private Sector Survey on Cost Control, Task Force Report on Veterans Administration (May 1983);
- Internal Control Review of the Pension Program.

In addition to taking issue with the substance of certain portions of the Task Force Report relating to adjudication matters, we lodge a strong objection to having been kept in the dark about the Task Force's proceedings. We believe service organizations have an interest in such matters and should be involved earlier on—not simply informed after the fact that a secret group of insiders has done another study without the benefit of any outside or public input. Such a closed process does not engender confidence in the VA's actions.

**Task Force Recommendation 1**: Remove the formal Statistical Quality Control process from the field and place primary responsibility for it with VA Central Office staff offices. The Deputy Chief Benefits Director for Program Management directed that a detailed study be performed by Field Operations Staff with the final product to be prepared for review by him not later than April 1, 1988. The final product is to be a joint compensation-pension and education quality reiew system that is statistically sound, simple and ready for implementation in the field.

**VVA Response**: We are particularly disturbed that the quality assurance process is expected to be pulled into the VA Central Office. So long as top management of the VA retains an individual to supervise quality control matters who has a "...general hostility to issues of due process...," we are very concerned about the likelihood of continued uncertainty in the quality of VA decisions. *Nat'l Ass'n of Radiation Survivors v. Turnage*, Civ. No. 83-1861 MHP (transcript of findings at 40) (N.D. Cal. Jan. 8, 1987)

**Task Force Recommendation 2B**: Impose unacceptable quality condition status on a station only when they fail to validate on VACO review. Eliminate failure to validate on procedural errors from ever constituting an unacceptable quality condition. Lengthen the time during which a Regional Office's findings must worse than the minimum acceptable level before imposing the unacceptable quality condition status..

**VVA Response**: Once an unacceptable quality condition status is imposed, the station is forced to address the causes of the problem. This recommendation sends a clear message to the Regional Offices that they need not be concerned about procedural matters—even though these errors can indicate serious problems that need to be corrected. Before the changes mandated by this Task Force Report, a procedural error included "inappropriate use of letters; failure to notify claimant as to any undue or excessive delay in adjudication of claim, explanation of adjudication action vague or incomplete, failure to forward copy of correspondence to service organization holding power of attorney."

**Task Force Recommendation 2C**: Change the annual Systematic Analysis of Operations requirment to a quarterly requirement when an unacceptable quality condition exists.

**VVA Response**: Good.

**Task Force Recommendation 5**: Lengthen the delay time that is acceptable from the point at which a claim comes to a VA Regional Office to the point at which a reference to it is entered into the computerized tracking system. Old deadline was two days; new deadline seven days.

**VVA Response**: Unclear whether this is a cosmetic change that simply allows VA to more easily say "we are meeting our timeliness goals."

**Task Force Recommendation 6A**: Change "judgmental" category of errors to "material" to avoid potential for adversarial confrontations.

**VVA Response**: This is a cosmetic change that should be rejected.

**Task Force Recommendation 6B**: Delete "procedural" quality category and maintain this information for training purposes only.

**VVA Response**: This recommendation sends a clear message to the Regional Offices that they need not be concerned about procedural matters—

even though these errors can indicate serious problems that need to be corrected. Before the changes mandated by this Task Force Report, a procedural error included "inappropriate use of letters; failure to notify claimant as to any undue or excessive delay in adjudication of claim, explanation of adjudication action vague or incomplete, failure to forward copy of correspondence to service organization holding power of attorney." Our organization has had persistent problems with Regional Offices over their failure to provide us copies of correspondence in cases for which we are counsel. This change invites trouble.

**Task Force Recommendation 6D**: Count only one substantive/material error per compensation and pension case.
**VVA Response**: Unless management has another mechanism for learning the numbers of errors besides recording and counting all of them as they are found, how will they know what the mistakes are.

**Task Force Recommendation 6E**: Reduce the number of error codes.
**VVA Response**: It is unclear whether this is cosmetic or substantial. Some of the reduction in codes appears to be from minor consolidation of related codes. We have not completed an analysis of all of the changes ther are described in Change 36 to M21-4.

**Task Force Recommendation 8**: Reduce the timeliness standards for compensation and pension end products from 28 areas to 12 areas.
**VVA Response**: This may be mostly cosmetic. The easiest way to meet a standard is to adjust or loosen the standard so that more offices achieve the standard. VA testimony over the past year has often been to say that we are meeting "X" number of the 28 areas. It will automatically sound better to say we are meeting "X" number of the 12 areas. In addition, we question the appropriateness of not even looking to see what percent of compensation claims are completed within 30 days or 60 days or 90 days and instead only look at the 180-day mark. As implemented in VA Manual M21-4, Appendix D, Table 2, the goal is reduced from 95% of cases to be completed within six months to only 90%; the standard is also lower.

We understand that most of the changes that were accepted by the Deputy Chief Benefits Director were implemented through a change to VA Manual M21-4 that was distributed to the field in the summer of 1987—several months before the Task Force Report was released.

**New Hearing Officer Position**

In early February 1988, we learned of a meeting of Service Organization representatives with the Chief Benefits Director, John Vogel, Director of Compensation and Pension Service, Gerald Moore, Deputy Chief Benefits Director for Program Management, Grady Horton, Deputy Chief Benefits Director for Field Operations, Raymond Avent, among others that was scheduled for February 4th. We were not invited to attend that meeting. Another Service Organization graciously told us of the meeting and a member of our staff did attend.

We subsequently wrote to complain about this failure to extend an invitation to us. We received no response to that letter.

The purpose of the meeting was to brief the other service organizations on major changes in the structure of the adjudication process. The VA is proposing to eliminate 3-member hearing panels in VA Regional Offices and substitute instead a hearing before a single member Hearing Officer. This Hearing Officer would hear all manner of claims.

According to the officials present, the "engine driving these changes is Semenchuk"—the class action brought in Illinois by Legal Aid attorneys over the VA's failure to properly notify veterans of impending termination/reduction of pension. Semenchuk v. Walters, No. 84 C 3132 (N.D. Ill. consent decree August 10, 1987). Ostensibly, the basis for making the change is to ensure that an impartial panel is convened to hold a hearing, i.e., one whose members had not previously considered the issues and might therefore be biased. We are not so sure that this lawsuit is the driving force behind these changes.

Consider, for example, the following memo prepared by Mr. Gerald Moore, former director of the Compensation and Pension Service, on April 1, 1986 to the Deputy Chief Benefits Director for Program Management. In that memo, Mr. Moore included the following note about Semenchuk:

> In Semenchuk v. Walters, the VA has been charged with violating a veterans due process rights because a copy of a letter could not be found in the claims folder or elsewhere. This, according to the plaintiffs, demonstrated the veteran was not informed of an adverse action. The case is 2 years old and continuing. The VA not the court or legal aid attorneys should and must decide VA procedures and directives. Although it is easier not to have file copies, it is dangerous and time consuming to let others run our program.

There is no mention of the lack of an impartial hearing panel. In fact, Semenchuk was a class action limited to pension recipients in Illinois. It imposed no requirements on compensation claims or pension recipients in other states.

If there needed to be an engine to drive any changes, it should have been the nationwide class action brought by the Legal Aid Bureau of Baltimore *twelve* years before Semenchuck. Plato v. Roudebush, 397 F. Supp. 1295 (D.Md. 1975). Or the 1978 lawsuit filed in Vermont. Morgan v. Cleland, Civ. No. 78-83 (D. Vt. filed April 11, 1978). Or perhaps the 1981 lawsuit brought by the Legal Aid Society in Minnesota. Bedgood v. Cleland, 554 F. Supp. 513 (D. Minn. 1982).

We suspect the real motivation for this radical restructuring is that there is a cost benefit to the VA in terms of reduced costs of personnel. The agency plans to elevate 37 adjudication personnel from rating boards around the country. These Hearing Officers would handle all personal hearings. The savings to the agency are two-fold: (1) it will not replace the 37 persons removed from rating boards; and (2) it will free hundreds of rating board personnel (and doctors) from taking the time to listen to veterans at hearings—thereby improving the appearance of timeliness for these employees. We understand that there has, in fact, been a cost-benefit analysis conducted but we do not know the details of that analysis.

Among the significant problems with the proposed changes is the VA's plan for putting the changes in place. As baldly stated in an "information paper" distributed at the February 4th meeting, "no regulatory changes would be required to implement this proposal." Top management seems totally oblivious to the Administrative Procedure Act (relevant portions of which the VA adopted in 1972), let alone to a General Counsel opinion that noted the importance of publishing such changes in procedure. See G.C. Op. (July 1, 1987). Unless the VA promptly changes its posture and engages in an open and public rulemaking procedure, its plans will be vulnerable to challenge in a federal court.

We are not certain that no good can come from the VA's proposal, but unless there is open debate on the matter, there is a very real danger that beneficiaries may be harmed.

Among our concerns with this Hearing Officer position are:

- it denies veterans the opportunity to present their cases in person to a doctor member or vocational rehabilitation specialist;
- unless questions as to the scope of the authority of the Hearing Officer are decided (in particular as to the weight given to live testimony by a veteran and his or her witnesses) we have concerns as to whether a proceeding before a Hearing Officer would comport with the requirements of due process;
- it lessens the likelihood that the benefit of the doubt will be granted to the veteran (since it is easier to raise a doubt or even get a dissenting vote if there is more than one person involved);
- the potential for lost time and physical exhaustion due to traveling from office to office;
- the potential that bad policies can be more quickly implemented.

There is some potential for good in the Hearing Officer position if these personnel are:

- given a considerable degree of independence;
- given good training on conducting proper hearings, identifying issues, questioning witnesses, obtaining subpoenas as needed to compel production of documents or witnesses;
- removed from the pressure of production or timeliness quotas so that if no adequate development was done by the rating board, the Hearing Officer will not hesitate ordering further development;
- given adequate staff support;
- the Statistical Quality Control by the Central Office is run well and not simply in a sweat-shop fashion under the auspices of someone who has a demonstrated hostility to due process. (We understand that 100% of the Hearing Officers' first year's work will be subject to SQC.)
- given the technical, legal nature of this position, preference is given to hiring lawyers.

We could support the position of a Hearing Officer if that position were similar to that of an administrative law judge and hiring were open to the public.

Answers to our concerns about the Hearing Officer may now be available from today's VA witnesses since we understand that there has been a hiring process and in fact there may have been training conducted this week.

## PROBLEMS REMAINING TO BE ADEQUATELY ADDRESSED

In this section of our statement we will describe a number of practices that we believe have a serious impact on veterans' claims. We believe veterans are losing valid claims because of some of these practices. We also have included some of our recommendations.

We claim no credit for discovering many of the following items. Commendably, the VA Central Office staff identified many of these problems. See, for example, SQC/Field Operations Training Letter (Oct. 20, 1987).

Our concern is that many of these problems are not new ones. More importantly, veterans' lives are being adversely affected with absolutely no plans to try to correct many of these mistakes. For example, when a defective pattern letter used by a VA Regional Office is discovered, no corrective action is taken to address those individuals who received the bad letter—and who may have lost their case as a consequence. These persons are not sent followup letters informing them of the mistake and given a new opportunity. At best, the VA Central Office may order changes in the defective letter for use in future contacts with other veterans.

What follows are problems that "appear with some regularity" in the pattern letters used by VA Regional Offices as related in the October 20, 1987 SQC/Field Operations Training Letter.

- Omission of a statement as to the possible effect of 38 CFR 3.557 when informing veterans of a proposal to rate them incompetent.
- Failure to show enclosure of VA Form 1-4107 when applicable.
- Failure to update pension and DIC letters to reflect the new income reporting forms.
- Limitations on the time to respond to requests for evidence which deviate from the provisions of M21-1, paragraph 4.03g.
- Letters developing aid and attendance based on patient status in a nursing home should not ask whether the claimant is receiving skilled or intermediate care.
- Veterans should not be required to incur the expense of an examination when applying for pension or [Special Monthly Pension]. Development letters should be limited to having the veteran ask his private physician to send a report of findings based on recent treatment. If that report is not adequate, order an examination.
- Failure to indicate the schedular evaluation and payment rate to which the veteran would be reduced if he fails to complete the unemployability interview required under M21-1, paragraph 55.08f.

**Failure to Correct Errors Found on Central Office Quality Review**

We agree with the Adjudication Officer from St. Louis who provided the following answer to a question posed in the May 7, 1987 hearing before this committee: "The important consideration is that when found, an error is corrected." *Timeliness and Quality in the VA Department of Veterans' Benefits: Hearing before Subcomm. on Compensation, Pension and Insurance of the House Comm. on Veterans Affairs*, 100th Cong., 1st Sess. 158 (1987).

However, from a review of just those Consolidated Site Surveys conducted in 1987 (with the exception of Houston, Waco and Little Rock which were withheld from us), examples of the failure to correct errors as ordered to be done exist. The following are extracts from those Site Surveys. A list of these Surveys is included at VVA APPENDIX D.

> Washington (January 27-February 2, 1987): Fifteen cases were requested for review that had been returned for necessary corrections following [Central Office Statistical Quality Control] audit. During the period of the visit, nine of these files were located. Four of the nine had the SQC exception sheet filed down in the folder without corrective actions having been taken. These cases were referred to the [Adjudication Officer] who immediately had corrective action taken.
>
> Buffalo (November 2-6, 1987): Cases reviewed on [Central Office] validation needing correction were not being corrected in all cases.

The errors that had been found were "substantive" ones, i.e., major mistakes that make a difference in the amount of money an individual is to receive. These mistakes are required to be corrected.

At first blush, it may appear that catching the errors during a site survey that had previously been ordered corrected is an example of the system working to correct itself. In reality, these site surveys where Central Office personnel actually get into the field to see first hand what is going on occur very infrequently. For example, the Jackson VA Regional Office was visited in November 1987; the previous visit was March 1980.

**Maintaining Secret Files of Mistakes, Knowledge of Which Could Help Veterans**

When an error is identified, the error, along with the veteran's claim number, is recorded on a specific VA form (VA F 20-6567-21, Quality Review Exception Sheet). Instead of sending a copy of that form to the individual or even filing that form in the individual's claims folder where the person might discover it, the form is hidden away in the Adjudication Division's files.

Maintaining this secret system of records violates the Privacy Act , 5 U.S.C. § 552a, and harms a veteran by denying him or her the opportunity to learn that an error was made and thereby depriving him or her of the opportunity to double-check whether the error was corrected.

A second category of errors ("material," formerly "judgmental") are not required to be corrected. From the veteran's point of view, a material error constitutes an excellent basis to further appeal, reopen or request reconsideration of his or her case—if the individual learns of the existence of this error. (Of course, the error might not have been in the veteran's favor in which case no further action by the veteran would be necessary.)

> **VVA Recommendation**: Open the doors, tell the veteran what has happened. Wouldn't it be refreshing if a veteran got an individually signed letter from a named VA employee that says "Sorry, but we made a mistake. Here is what happened; here is what should have happened. This is what we have done; here are your choices if you are not satisfied with our action. We apologize." We also recommend the VA promptly publish a notice of this system of records.

**Discouraging Requests for Hearing**

Through the use of a pattern letter, various VA Regional Offices have unlawfully attempted to discourage persons who request a personal appearance hearing before the VARO from having such a hearing. The latest episode involves the New Orleans VARO. Instead of promptly scheduling the requested hearing, that office sent one of two pattern letters that say:

> Letter #1: We will not take any action at this time on your request for a hearing since your claim will be reconsidered upon receipt of (evidence).
>
> Letter #2: Ordinarily, hearings are held as part of the formal appeal process, and are only scheduled after a statement of the case has been furnished to the claimant, setting forth the pertinent evidence of record and citing the applicable laws and regulations. * * * In addition, it is not contemplated that more than one hearing will be held on the same set of facts. * * * If you would like to discuss your claim in general, you may wish to request an informal personal appearance instead of a formal hearing. A verbatim transcript would not be prepared, but a summary of your presentation would be made part of your records.

This violates VA regulations that plainly state, without qualification, "Upon request a claimant is entitled to a hearing at any time on any issue involved in a claim...." 38 C.F. R. § 3.103(c). This is a recurring, apparently uncontrollable problem which top management at VA has not been able to correct.

> **VVA Recommendation**: VA Central Office itself should write the pattern letters to be used by a VARO—at least those relating to hearings, notice and essential due process matters—not simply review them after the fact. The current process of requiring each VARO to get advance approval for use of pattern letters is not working. Each VARO that has sent defective letters should be required to send corrective notices to each veteran giving the veteran an opportunity to renew his or her request for a hearing.

**Failure to Conduct Proper or Timely Hearings**

Hearings are to be conducted by 3-member panels (as per M1-1, para. 8.05), consisting of no one who had participated previously in the decision. M21-1, para. 18.17a(1) In addition hearings should be held within 30 days. Despite these requirements, several Regional Of-

fices have conducted 2-member hearings or panel members sit at the hearing who had already made up their minds. What follows are extracts from the VA investigators' language of the Site Surveys conducted in 1987 (the dates in parentheses are the dates of the visit):

> Boston (April 6-10, 1987): No provision is made to exclude a member who might have participated in the decision being appealed.
>
> Washington (January 27-February 2, 1987): Some hearings have not as yet been conducted on requests as old as April 1986. Insofar as possible, the persons conducting the hearings are rotated to ensure that due process requirements are met.
>
> NOTE: We know from personal experience that this problem persists. At least one of our clients has still not been contacted to arrange for a hearing that was requested on August 21, 1987—nine months ago.
>
> New Orleans (May 4-8, 1987): Because of workload considerations and to better utilize the board members, hearings have been conducted by two members rather than a full board of three members during recent months. We immediately informed the Adjudication Officer that M1-1, para. 8.05 requires three person hearings and failure to follow this requirement constitutes inadequate due process. Steps were taken to discontinue this practice while we were on station. The past survey noted that no attempt was being made to ensure that hearings were conducted by rating specialists who had not aprticipated in the original deicsion. A recommendation was made to correct the deficiency and correction action was begun during the survey visit. However, our reviews showed that no concerted efforts were made in this regard. ... No formal method of insuring compliance has been established
>
> Cheyenne (October 19-23, 1987): Hearings are held by the rating specialist, unit chief or senior claims examiner and a doctor from the medical center. Considering the current staffing of the division it is impossible for the station to have qualified persons not involved in the original decision sit on hearing panels.
>
> Lincoln (November 2-6, 1987): During the review of claims over 180 days old one case was noted in which the claimant had requested a hearing but was never scheduled for one. . . . When the case was shown to the [Adjudication Officer] and we poited out that the division had not scheduled the requested hearing, his response was that he did not see the necessity for a hearing since the veteran could not tell us any more than we already knew. This is absolutely erroneous. The policy the VA is following and must follow is that when a claimant requests a hearing, SCHEDULE a hearing.
>
> Milwaukee (July 27-31, 1987): The current makeup of the hearing panel consists of one rating specialist and one medical specialist. This system was put into effect when the workload and volume of hearings was high. The service organizations agreed to the change and apparently no significant problems have developed. Hearings are assigned by the section chief and when deemed necessary ([neuropsychiatric cases, request by the SO etc.) a third member is assigned to the hearing.
>
> Nashville (August 9-14, 1987): Except for the medical member of the hearing panel, all other members had not participated in the decision at issue.

**Failure to Accord Reasonable Doubt in Favor of Veteran**

The following statement from the Consolidated Site Survey conducted June 15-19, 1987 of the New York VARO speaks for itself:

> A review of sample copies of current fiscal year completed [Committee on Waiver and Compromises] cases ... revealed that the quality of the decisions requires improvement. In twelve of the twelve cases reviewed, the write up of the decisions and the reasons for the decision were inadequate in terms of legal criteria required, to support the decisions. In cases where waiver was denied because of material fault, the claimants were not told specifically what their omission or commission was that directly resulted in the debt and why this omission or commission is inexcusable. Doubt, if any, was not being resolved in favor of the veteran.

**Misleading a Veteran as to the Correct Deadline to Submit an Appeal**

The VA Form Letter FL 1-25 which transmits the Statement of the Case and VA Form 1-9, Substantive Appeal, misleadingly asserts that the individual must respond with 60 days or else lose the sopportunity to appeal. That offending statement is: "If we do not hear from you in 60 days, we will assume you do not intend to complete your appeal and we will close our records." By law, the individual may well have more than 60 days from this letter since he or she has one year from the date of the initial denial by the VA to perfect his or her appeal. This form letter has been in use since at least 1980.

> **VVA Recommendation**: insert the real deadline, i.e., actual day, month and year of the deadline. To protect veterans from mistakes by VA employees, a change to

38 C.F.R. § 3.109(b) to require an appropriate extension of deadline where information provided by VA was mistaken should be made. Currently Sec. 3.109(b) states that:

> Failure to furnish a potential claimant any form or information concerning the right to file claim for pension, compensation, or dependency and indemnity compensation, or to furnish notice of the time limit for the filing of a claim or submission of evidence will not extend the period allowed for these actions.

**Filling in Boxes on VA Form 1-9**

We have been informed that in at least the Houston VA Regional Office, if a veteran neglects to check either box on the VA Form 1-9 relating to requesting a hearing before the Board of Veterans Appeals, rather than taking time to follow up with the individual, a VA expediter checks the "NO" box. The additional side effect of this: BVA also does not ask individuals if they want a hearing because they presume the individual checked the NO box!

> **VVA Recommendation**: Central Office should immediately condemn such a practice and require that all persons affected by this practice be informed of it and given a new opportunity to request a hearing.

## APPENDICES

A. Statistical Reports Provided by VA (3 pages)
B. VVA-prepared extracts from Statistical Reports Provided by VA (2 pages)
C. Number of initial compensation and initial pension claims completed in Calendar Year 1987 by top 13 offices (1 page)
D. A list of Consolidated Site Surveys conducted by VA Central Office in 1987 (1 page)

COMPENSATION AND PENSION

FY 1986

| STATION NAME | RO # | TIMELINESS: COMPENSATION (90 DAYS) | PENSION (90 DAYS) | BURIALS (30 DAYS) | QUALITY: AUTHORIZATION SUBSTANTIVE | AUTHORIZATION MATERIAL | AUTHORIZATION PROCEDURAL | RATING SUBSTANTIVE | RATING MATERIAL | RATING PROCEDURAL |
|---|---|---|---|---|---|---|---|---|---|---|
| ALBUQUERQUE | 340 | 30.5 | 44.7 | 42.3 | 1.7 | 1.3 | 4.3 | 1.7 | 2.3 | 3.7 |
| ANCHORAGE | 363 | 26.6 | 66.7 | 66.9 | 1.6 | 1.3 | 7.2 | 1.0 | 2.0 | 4.7 |
| ATLANTA | 316 | 57.0 | 64.3 | 68.6 | 5.7 | 7.5 | 11.6 | 1.2 | 0.9 | 11.3 |
| BALTIMORE | 313 | 11.8 | 35.6 | 42.2 | 1.6 | 16.1 | 8.3 | 1.0 | 2.8 | 7.3 |
| BOISE | 347 | 31.1 | 63.7 | 72.6 | 0.7 | 3.3 | 5.3 | 0.0 | 0.7 | 3.7 |
| BOSTON | 301 | 21.6 | 44.8 | 59.7 | 1.4 | 6.5 | 10.4 | 1.7 | 1.3 | 4.8 |
| BUFFALO | 307 | 27.2 | 48.5 | 69.3 | 2.4 | 6.9 | 15.8 | 0.7 | 2.6 | 5.7 |
| CHEYENNE | 442 | 51.5 | 58.1 | 67.7 | 1.6 | 2.6 | 5.5 | 1.0 | 1.7 | 2.7 |
| CHICAGO | 328 | 32.4 | 51.9 | 58.2 | 2.1 | 10.0 | 18.3 | 0.1 | 0.5 | 2.2 |
| CLEVELAND | 325 | 29.7 | 47.5 | 55.3 | 1.7 | 4.4 | 3.3 | 2.0 | 2.3 | 2.0 |
| COLUMBIA | 319 | 36.0 | 61.3 | 73.0 | 0.9 | 4.1 | 3.0 | 1.6 | 2.2 | 2.4 |
| DENVER | 339 | 26.0 | 56.3 | 51.4 | 2.3 | 6.1 | 2.7 | 1.8 | 2.3 | 2.5 |
| DES MOINES | 333 | 44.5 | 57.5 | 70.1 | 1.0 | 2.2 | 4.7 | 2.2 | 2.7 | 14.0 |
| DETROIT | 329 | 42.2 | 52.8 | 65.7 | 2.0 | 4.4 | 22.8 | 1.0 | 1.0 | 2.4 |
| FARGO ND | 437 | 51.5 | 82.8 | 78.6 | 1.0 | 1.7 | 3.3 | 0.3 | 0.0 | 0.3 |
| FT HARRISON | 436 | 17.0 | 48.5 | 54.3 | 0.7 | 1.9 | 2.9 | 0.7 | 4.9 | 0.0 |
| HARTFORD | 308 | 54.5 | 69.8 | 76.8 | 1.3 | 2.7 | 5.3 | 0.7 | 1.7 | 4.7 |
| HONOLULU | 359 | 43.0 | 50.4 | 45.4 | 0.7 | 2.3 | 5.0 | 1.0 | 1.0 | 6.3 |
| HOUSTON | 362 | 49.0 | 64.4 | 64.1 | 2.9 | 4.9 | 12.1 | 3.7 | 4.6 | 9.2 |
| HUNTINGTON | 315 | 43.9 | 67.8 | 77.9 | 2.0 | 2.7 | 3.3 | 1.0 | 1.3 | 3.7 |
| INDIANAPOLIS | 326 | 38.4 | 55.8 | 56.6 | 0.8 | 3.6 | 7.1 | 1.2 | 3.0 | 7.5 |
| JACKSON | 323 | 26.0 | 60.0 | 54.4 | 1.1 | 2.1 | 6.7 | 0.0 | 0.5 | 2.5 |
| LINCOLN | 334 | 24.0 | 52.1 | 56.7 | 0.3 | 3.7 | 3.0 | 1.4 | 0.0 | 4.2 |
| LITTLE ROCK | 350 | 35.4 | 63.9 | 80.5 | 1.5 | 4.1 | 1.7 | 1.0 | 1.3 | 5.3 |
| LOS ANGELES | 344 | 38.3 | 50.9 | 27.7 | 1.4 | 3.3 | 16.0 | 1.4 | 2.7 | 9.3 |
| LOUISVILLE | 327 | 39.7 | 59.3 | 66.6 | 0.8 | 1.8 | 2.8 | 2.3 | 2.0 | 3.8 |
| MANCHESTER | 373 | 34.9 | 56.4 | 61.9 | 5.7 | 10.0 | 10.0 | 3.0 | 2.3 | 9.4 |
| MANILA | 358 | 18.0 | 66.4 | 40.5 | 1.3 | 1.7 | 3.0 | 1.7 | 0.7 | 2.3 |
| MILWAUKEE | 330 | 44.2 | 76.5 | 70.2 | 2.3 | 5.9 | 2.8 | 3.2 | 3.5 | 3.7 |
| MONTGOMERY | 322 | 34.7 | 61.8 | 62.9 | 1.7 | 2.6 | 5.2 | 1.2 | 2.2 | 6.3 |
| MUSKOGEE | 351 | 37.5 | 57.3 | 58.0 | 0.6 | 2.3 | 2.9 | 1.5 | 1.5 | 2.7 |
| NASHVILLE | 320 | 36.4 | 69.3 | 60.1 | 1.1 | 1.4 | 1.4 | 1.0 | 1.5 | 4.7 |
| NEW ORLEANS | 321 | 20.7 | 42.0 | 41.5 | 3.0 | 13.0 | 13.0 | 1.0 | 1.7 | 4.0 |
| NEW YORK | 306 | 26.5 | 40.4 | 53.5 | 2.9 | 6.6 | 8.7 | 1.2 | 3.5 | 8.4 |
| NEWARK | 309 | 20.9 | 27.3 | 35.1 | 2.4 | 1.8 | 2.9 | 2.8 | 2.3 | 4.6 |
| PHILADELPHIA | 310 | 29.7 | 50.2 | 61.2 | 1.9 | 4.4 | 4.9 | 1.1 | 3.5 | 5.0 |
| PHOENIX | 345 | 40.6 | 60.1 | 57.7 | 0.8 | 2.8 | 2.1 | 1.0 | 0.5 | 2.9 |
| PITTSBURGH | 311 | 22.1 | 44.1 | 64.6 | 1.8 | 4.4 | 3.2 | 1.9 | 3.0 | 8.6 |
| PORTLAND | 348 | 26.4 | 56.1 | 65.6 | 1.1 | 3.8 | 5.1 | 1.7 | 1.2 | 0.8 |
| PROVIDENCE | 304 | 18.8 | 40.8 | 55.8 | 0.7 | 5.7 | 6.0 | 3.0 | 1.0 | 8.7 |
| RENO | 354 | 23.6 | 46.4 | 51.7 | 1.3 | 4.8 | 7.4 | 0.7 | 2.0 | 3.7 |
| ROANOKE | 314 | 33.4 | 48.3 | 39.4 | 0.9 | 3.5 | 2.0 | 0.7 | 0.4 | 3.6 |
| SALT LAKE CITY | 341 | 31.9 | 58.8 | 78.7 | 1.0 | 3.0 | 6.3 | 0.3 | 0.7 | 6.7 |
| SAN DIEGO | 377 | 30.0 | 57.5 | 67.1 | 2.3 | 6.5 | 13.2 | 1.8 | 2.9 | 2.3 |
| SAN FRANCISCO | 343 | 36.6 | 52.3 | 54.2 | 1.6 | 4.8 | 3.5 | 0.5 | 1.0 | 2.6 |
| SAN JUAN | 455 | 3.0 | 20.5 | 5.3 | 1.3 | 4.5 | 7.2 | 0.8 | 2.5 | 8.0 |
| SEATTLE | 346 | 37.7 | 54.6 | 41.8 | 1.2 | 4.5 | 7.8 | 0.2 | 3.0 | 9.9 |
| SIOUX FALLS | 438 | 44.4 | 79.0 | 75.2 | 2.0 | 4.0 | 4.0 | 5.6 | 2.6 | 5.2 |
| ST LOUIS | 331 | 53.6 | 70.7 | 72.5 | 1.2 | 3.6 | 5.0 | 1.2 | 2.1 | 4.1 |
| ST PAUL | 335 | 33.0 | 58.6 | 69.4 | 1.3 | 2.3 | 4.3 | 0.8 | 1.6 | 4.4 |
| ST PETERSBURG | 317 | 26.1 | 55.4 | 58.3 | 2.9 | 6.0 | 9.2 | 0.5 | 0.6 | 5.2 |
| TOGUS | 402 | 38.4 | 65.3 | 74.7 | 3.5 | 5.0 | 3.0 | 7.0 | 4.5 | 3.5 |
| WACO | 349 | 44.2 | 61.7 | 62.7 | 1.0 | 3.3 | 3.5 | 3.4 | 2.0 | 5.6 |
| WASHINGTON | 372 | 34.5 | 48.4 | 40.4 | 2.1 | 4.2 | 8.3 | 1.5 | 1.2 | 3.8 |
| WHITE RIVER JCT | 405 | 61.1 | 81.3 | 81.2 | 0.3 | 1.7 | 3.7 | 0.7 | 1.3 | 1.0 |
| WICHITA | 452 | 38.4 | 56.6 | 55.2 | 0.8 | 2.8 | 4.7 | 0.7 | 1.7 | 5.7 |
| WILMINGTON | 460 | 23.5 | 54.6 | 38.7 | 0.7 | 3.0 | 1.7 | 7.3 | 2.8 | 14.5 |
| WINSTON SALEM | 318 | 39.1 | 68.8 | 76.9 | 0.7 | 2.5 | 3.6 | 0.7 | 0.3 | 3.6 |
| NATIONAL ACTUALS: | | 34.9 | 54.9 | 57.5 | 1.76 | 4.39 | 6.40 | 1.36 | 1.81 | 5.09 |
| STANDARD: | | 35 | 55 | 60 | 3.00 | 3.00 | 3.50 | 4.00 | 3.00 | 6.00 |

STANDARDS:
Compensation--% completed within 90 days. Pension--% completed within 90 days.
Burials--% completed within 30 days.
Authorization: Substantive-3.0, Material-3.0, Procedural-3.5.
Rating: Substantive-4.0; Material-3.0; Procedural-6.0.

SOURCES: Timeliness: RCS 20-0304 report, 3EY1 segment.

Quality: Authorization: RCS 20-0304 report, 3CI1 segment.
Rating; RCS 20-0304 report, 3CH1 segment.

COMPENSATION AND PENSION

FY 1987

| STATION NAME | RO # | TIMELINESS: COMPENSATION (90 DAYS) | PENSION (90 DAYS) | BURIALS (30 DAYS) | QUALITY: AUTHORIZATION SUBSTANTIVE | MATERIAL | RATING PROCEDURAL | RATING SUBSTANTIVE | RATING MATERIAL | RATING PROCEDURAL |
|---|---|---|---|---|---|---|---|---|---|---|
| ALBUQUERQUE | 340 | 36.2 | 59.3 | 55.8 | 3.0 | 4.3 | 5.7 | 1.7 | 2.0 | 3.0 |
| ANCHORAGE | 363 | 22.1 | 63.4 | 55.4 | 0.3 | 4.0 | 6.0 | 0.7 | 4.3 | 4.3 |
| ATLANTA | 316 | 46.1 | 62.6 | 56.9 | 4.6 | 3.7 | 6.5 | 2.2 | 0.5 | 3.1 |
| BALTIMORE | 313 | 14.4 | 38.5 | 33.1 | 1.0 | 7.1 | 6.1 | 0.2 | 1.0 | 3.9 |
| BOISE | 347 | 21.2 | 51.1 | 50.0 | 1.7 | 4.7 | 6.7 | 2.3 | 0.0 | 2.3 |
| BOSTON | 301 | 16.2 | 30.1 | 32.0 | 1.5 | 4.5 | 11.0 | 2.2 | 1.5 | 3.0 |
| BUFFALO | 307 | 23.7 | 50.0 | 66.2 | 2.5 | 7.3 | 10.2 | 1.7 | 0.3 | 5.5 |
| CHEYENNE | 442 | 52.7 | 66.0 | 64.0 | 2.3 | 5.6 | 4.3 | 2.0 | 1.0 | 4.1 |
| CHICAGO | 328 | 31.8 | 54.7 | 64.7 | 1.6 | 3.9 | 12.3 | 0.6 | 0.2 | 3.1 |
| CLEVELAND | 325 | 37.8 | 59.5 | 66.9 | 1.7 | 3.5 | 3.4 | 1.6 | 2.2 | 2.6 |
| COLUMBIA | 319 | 24.2 | 50.3 | 55.8 | 1.0 | 3.7 | 3.4 | 1.2 | 1.0 | 1.2 |
| DENVER | 339 | 22.6 | 48.9 | 46.6 | 2.0 | 2.2 | 2.5 | 1.5 | 2.8 | 3.5 |
| DES MOINES | 333 | 33.1 | 51.6 | 70.6 | 1.7 | 4.2 | 7.8 | 2.3 | 1.7 | 10.2 |
| DETROIT | 329 | 29.9 | 41.0 | 51.3 | 1.9 | 2.9 | 3.3 | 1.1 | 0.7 | 2.0 |
| FARGO ND | 437 | 42.9 | 76.6 | 60.0 | 0.3 | 3.0 | 3.7 | 3.0 | 0.0 | 0.0 |
| FT HARRISON | 436 | 19.2 | 50.2 | 54.0 | 1.7 | 2.4 | 3.4 | 0.5 | 1.6 | 0.0 |
| HARTFORD | 308 | 39.9 | 60.6 | 74.2 | 4.0 | 2.3 | 5.0 | 1.0 | 2.3 | 5.0 |
| HONOLULU | 359 | 32.5 | 40.9 | 50.8 | 1.2 | 6.1 | 4.3 | 1.7 | 1.0 | 2.8 |
| HOUSTON | 362 | 22.9 | 36.3 | 30.8 | 2.1 | 4.8 | 11.1 | 1.5 | 2.7 | 7.0 |
| HUNTINGTON | 315 | 36.5 | 63.5 | 77.8 | 2.0 | 2.5 | 3.3 | 1.7 | 1.8 | 3.8 |
| INDIANAPOLIS | 326 | 51.0 | 58.8 | 59.5 | 2.0 | 4.0 | 4.6 | 2.4 | 2.7 | 8.0 |
| JACKSON | 323 | 23.1 | 55.1 | 46.4 | 1.0 | 3.8 | 7.2 | 0.7 | 0.3 | 4.8 |
| LINCOLN | 334 | 15.9 | 44.3 | 48.0 | 1.9 | 0.9 | 0.9 | 1.4 | 0.7 | 5.7 |
| LITTLE ROCK | 350 | 26.8 | 60.2 | 75.2 | 1.6 | 4.3 | 2.3 | 0.5 | 0.8 | 2.7 |
| LOS ANGELES | 344 | 29.0 | 43.5 | 35.2 | 19.5 | 7.1 | 8.3 | 2.1 | 3.5 | 6.7 |
| LOUISVILLE | 327 | 28.6 | 51.1 | 68.4 | 1.3 | 3.2 | 4.4 | 1.8 | 2.0 | 3.2 |
| MANCHESTER | 373 | 39.2 | 61.9 | 78.5 | 2.0 | 4.7 | 10.0 | 3.8 | 1.0 | 0.7 |
| MANILA | 358 | 19.9 | 57.3 | 44.4 | 2.0 | 3.3 | 3.0 | 29.0 | 2.7 | 4.3 |
| MILWAUKEE | 330 | 41.2 | 74.1 | 58.1 | 2.5 | 3.5 | 2.2 | 2.7 | 3.8 | 2.5 |
| MONTGOMERY | 322 | 35.7 | 62.5 | 64.4 | 3.2 | 4.3 | 4.2 | 1.8 | 1.0 | 6.7 |
| MUSKOGEE | 351 | 32.6 | 51.5 | 47.4 | 1.2 | 2.5 | 2.0 | 0.9 | 1.6 | 3.1 |
| NASHVILLE | 320 | 42.6 | 60.8 | 58.7 | 0.2 | 0.8 | 1.5 | 0.9 | 3.1 | 4.2 |
| NEW ORLEANS | 321 | 28.5 | 64.7 | 66.4 | 2.2 | 3.2 | 5.0 | 1.5 | 1.0 | 3.8 |
| NEW YORK | 306 | 19.7 | 30.5 | 43.6 | 2.2 | 4.6 | 6.5 | 1.6 | 5.2 | 7.6 |
| NEWARK | 309 | 28.9 | 38.2 | 51.6 | 1.4 | 3.9 | 2.9 | 3.0 | 2.1 | 5.2 |
| PHILADELPHIA | 310 | 38.9 | 61.1 | 76.9 | 1.2 | 4.0 | 4.3 | 2.0 | 2.5 | 5.1 |
| PHOENIX | 345 | 16.3 | 38.0 | 22.6 | 0.8 | 2.5 | 4.5 | 1.5 | 1.1 | 3.5 |
| PITTSBURGH | 311 | 36.4 | 57.3 | 73.9 | 2.4 | 5.5 | 6.6 | 1.5 | 4.2 | 4.0 |
| PORTLAND | 348 | 9.9 | 35.0 | 23.6 | 0.8 | 0.5 | 1.8 | 2.2 | 0.5 | 1.2 |
| PROVIDENCE | 304 | 20.4 | 38.2 | 56.1 | 0.7 | 1.7 | 5.0 | 1.7 | 2.7 | 5.7 |
| RENO | 354 | 24.5 | 47.3 | 52.5 | 1.0 | 3.0 | 2.7 | 0.3 | 0.0 | 3.0 |
| ROANOKE | 314 | 39.4 | 51.2 | 39.7 | 1.6 | 2.9 | 2.6 | 0.7 | 0.8 | 6.7 |
| SALT LAKE CITY | 341 | 21.1 | 46.7 | 65.7 | 1.0 | 3.7 | 7.0 | 0.3 | 1.0 | 6.7 |
| SAN DIEGO | 377 | 24.1 | 49.1 | 44.2 | 1.7 | 3.5 | 5.2 | 2.3 | 1.2 | 1.2 |
| SN FRANCISCO | 343 | 22.3 | 41.5 | 18.0 | 1.5 | 5.5 | 10.4 | 1.0 | 2.3 | 5.8 |
| SN JUAN | 455 | 4.1 | 14.5 | 5.4 | 4.0 | 9.5 | 8.2 | 0.2 | 0.8 | 5.3 |
| SEATTLE | 346 | 36.9 | 54.4 | 43.7 | 0.8 | 2.7 | 3.8 | 0.3 | 1.7 | 6.0 |
| SIOUX FALLS | 438 | 29.6 | 74.4 | 71.6 | 1.0 | 3.7 | 4.0 | 1.7 | 1.7 | 14.0 |
| ST LOUIS | 331 | 56.3 | 75.8 | 77.6 | 1.6 | 2.4 | 3.7 | 1.8 | 2.6 | 4.8 |
| ST PAUL | 335 | 30.7 | 59.4 | 66.1 | 1.3 | 1.3 | 3.5 | 1.6 | 0.5 | 5.5 |
| ST PETERSBURG | 317 | 30.5 | 60.2 | 68.1 | 1.8 | 6.8 | 12.2 | 1.0 | 3.1 | 9.8 |
| STATUS | 402 | 25.2 | 66.7 | 82.3 | 3.0 | 5.7 | 3.3 | 5.0 | 5.3 | 4.3 |
| TOLEDO | 349 | 40.4 | 56.8 | 66.6 | 1.0 | 2.8 | 3.2 | 3.4 | 2.0 | 4.4 |
| WASHINGTON | 372 | 35.5 | 54.2 | 46.1 | 0.8 | 3.9 | 9.7 | 0.7 | 0.3 | 1.8 |
| WHITE RIVER JCT | 405 | 52.3 | 66.1 | 76.3 | 1.3 | 3.0 | 3.0 | 2.3 | 0.7 | 1.7 |
| WICHITA | 452 | 21.2 | 47.0 | 41.8 | 1.7 | 3.5 | 5.8 | 1.7 | 1.2 | 6.7 |
| WILMINGTON | 460 | 10.9 | 48.8 | 47.6 | 1.3 | 3.3 | 8.3 | 2.9 | 1.9 | 9.7 |
| WINSTON SALEM | 318 | 24.0 | 63.6 | 75.3 | 0.8 | 1.9 | 3.0 | 0.9 | 0.5 | 3.9 |
| NATIONAL ACTUALS: | | 30.9 | 53.0 | 55.2 | 1.66 | 3.69 | 4.85 | 1.73 | 1.79 | 4.70 |
| STANDARD: | | 35 | 55 | 60 | 5.00 | 3.00 | 3.50 | 4.00 | 3.00 | 6.00 |

COMPENSATION-AND PENSION

FY 1988, thru 12-31-87

| STATION NAME | RO # | TIMELINESS: COMPENSATION (90 DAYS) | PENSION (90 DAYS) | BURIALS (30 DAYS) | QUALITY: AUTHORIZATION SUBSTANTIVE | AUTHORIZATION MATERIAL | AUTHORIZATION PROCEDURAL | RATING SUBSTANTIVE | RATING MATERIAL | RATING PROCEDURAL |
|---|---|---|---|---|---|---|---|---|---|---|
| ALBUQUERQUE | 340 | 36.3 | 61.0 | 61.7 | 3.7 | 3.7 | 4.7 | 2.7 | 2.7 | 3.3 |
| ANCHORAGE | 363 | 18.8 | 54.5 | 53.1 | 1.7 | 4.3 | 2.7 | 1.3 | 3.3 | 3.7 |
| ATLANTA | 316 | 47.0 | 62.9 | 59.1 | 4.5 | 3.2 | 3.7 | 0.6 | 0.3 | 1.8 |
| BALTIMORE | 313 | 12.9 | 38.4 | 27.3 | 2.9 | 4.9 | 5.9 | 3.9 | 1.1 | 0.2 |
| BOISE | 347 | 18.6 | 45.2 | 58.5 | 3.0 | 4.7 | 4.7 | 1.0 | 1.6 | 0.3 |
| BOSTON | 301 | 15.8 | 29.9 | 33.0 | 7.3 | 3.6 | 7.8 | 2.8 | 0.9 | 1.9 |
| BUFFALO | 307 | 24.4 | 48.8 | 62.7 | 3.5 | 6.3 | 7.0 | 1.7 | 0.3 | 3.0 |
| CHEYENNE | 442 | 45.2 | 64.7 | 56.2 | 2.0 | 4.8 | 2.7 | 2.4 | 0.4 | 3.8 |
| CHICAGO | 328 | 31.1 | 53.0 | 61.6 | 4.5 | 4.0 | 10.4 | 2.8 | 0.1 | 2.3 |
| CLEVELAND | 325 | 36.3 | 59.4 | 66.0 | 2.2 | 3.7 | 3.0 | 1.5 | 1.3 | 2.0 |
| COLUMBIA | 319 | 23.5 | 50.7 | 51.4 | 1.6 | 4.4 | 2.8 | 0.8 | 0.7 | 1.0 |
| DENVER | 339 | 21.0 | 42.3 | 42.0 | 9.3 | 3.1 | 2.5 | 5.0 | 2.0 | 2.8 |
| DES MOINES | 333 | 31.3 | 50.2 | 67.9 | 3.2 | 2.8 | 7.3 | 3.7 | 0.7 | 6.0 |
| DETROIT | 329 | 28.8 | 38.2 | 51.6 | 2.5 | 2.3 | 2.9 | 1.1 | 0.7 | 1.3 |
| FARGO ND | 437 | 37.6 | 72.6 | 58.0 | 1.3 | 1.7 | 3.3 | 1.7 | 0.0 | 0.0 |
| FT HARRISON | 436 | 17.1 | 49.4 | 49.9 | 1.1 | 2.9 | 4.0 | 3.1 | 2.8 | 0.7 |
| HARTFORD | 308 | 38.9 | 54.8 | 71.4 | 4.0 | 2.3 | 5.0 | 1.0 | 1.0 | 3.3 |
| HONOLULU | 359 | 34.8 | 44.8 | 53.5 | 2.3 | 5.3 | 3.3 | 1.0 | 1.0 | 2.1 |
| HOUSTON | 362 | 22.0 | 32.9 | 29.5 | 2.9 | 3.4 | 8.1 | 1.5 | 2.2 | 6.2 |
| HUNTINGTON | 315 | 33.1 | 60.2 | 75.3 | 2.7 | 3.5 | 2.5 | 2.7 | 2.5 | 1.5 |
| INDIANAPOLIS | 326 | 49.1 | 57.9 | 62.7 | 3.2 | 3.9 | 5.5 | 3.1 | 1.7 | 6.1 |
| JACKSON | 323 | 22.3 | 54.7 | 38.8 | 2.1 | 3.5 | 6.2 | 0.8 | 0.3 | 3.8 |
| LINCOLN | 334 | 14.8 | 45.1 | 52.0 | 0.3 | 0.9 | 0.9 | 0.7 | 0.4 | 2.2 |
| LITTLE ROCK | 350 | 24.4 | 59.7 | 72.0 | 2.8 | 5.0 | 1.7 | 2.3 | 0.2 | 2.2 |
| LOS ANGELES | 344 | 29.2 | 44.5 | 36.7 | 21.2 | 5.6 | 5.2 | 4.3 | 1.8 | 3.1 |
| LOUISVILLE | 327 | 29.9 | 50.0 | 66.4 | 2.3 | 2.8 | 3.6 | 2.8 | 1.2 | 2.2 |
| MANCHESTER | 373 | 38.8 | 62.6 | 78.1 | 7.7 | 6.0 | 9.0 | 2.4 | 0.7 | 1.0 |
| MANILA | 358 | 17.5 | 55.4 | 46.9 | 3.0 | 3.0 | 3.7 | 28.3 | 1.7 | 2.7 |
| MILWAUKEE | 330 | 41.1 | 74.1 | 62.5 | 2.3 | 3.4 | 2.3 | 2.8 | 2.3 | 1.3 |
| MONTGOMERY | 322 | 35.9 | 65.2 | 69.5 | 3.7 | 3.2 | 3.8 | 2.0 | 1.0 | 3.0 |
| MUSKOGEE | 351 | 28.3 | 49.8 | 45.2 | 2.3 | 2.1 | 1.8 | 1.1 | 1.1 | 2.1 |
| NASHVILLE | 320 | 41.4 | 59.6 | 57.0 | 0.2 | 0.8 | 1.7 | 1.5 | 2.2 | 1.8 |
| NEW ORLEANS | 321 | 30.5 | 68.0 | 69.4 | 2.5 | 2.5 | 3.8 | 1.8 | 0.8 | 2.2 |
| NEW YORK | 306 | 19.9 | 31.6 | 45.4 | 2.7 | 3.5 | 4.9 | 2.4 | 3.2 | 4.9 |
| NEWARK | 309 | 28.9 | 40.0 | 51.4 | 4.6 | 3.2 | 3.5 | 6.6 | 1.9 | 1.9 |
| PHILADELPHIA | 310 | 36.3 | 58.7 | 75.7 | 1.7 | 4.2 | 4.2 | 2.7 | 2.1 | 3.4 |
| PHOENIX | 345 | 12.7 | 34.1 | 21.7 | 1.0 | 2.3 | 5.2 | 2.0 | 0.9 | 2.6 |
| PITTSBURGH | 311 | 36.7 | 57.7 | 71.1 | 4.3 | 4.8 | 5.8 | 2.7 | 2.8 | 3.2 |
| PORTLAND | 348 | 9.9 | 35.1 | 32.2 | 1.8 | 1.1 | 1.4 | 1.8 | 0.5 | 0.8 |
| PROVIDENCE | 304 | 94.0 | 44.6 | 53.4 | 5.7 | 2.7 | 4.3 | 5.3 | 2.3 | 3.0 |
| RENO | 354 | 25.0 | 39.0 | 54.8 | 2.0 | 3.3 | 2.3 | 0.3 | 0.3 | 1.7 |
| ROANOKE | 314 | 39.2 | 49.9 | 44.0 | 1.8 | 3.0 | 1.7 | 1.5 | 0.7 | 4.7 |
| SALT LAKE CITY | 341 | 18.3 | 44.9 | 59.7 | 3.3 | 3.0 | 5.0 | 5.3 | 1.0 | 1.0 |
| SAN DIEGO | 377 | 22.8 | 47.8 | 44.1 | 2.2 | 2.0 | 3.9 | 3.4 | 1.2 | 1.0 |
| SAN FRANCISCO | 343 | 18.0 | 36.6 | 14.8 | 2.4 | 5.5 | 9.6 | 1.4 | 1.3 | 3.5 |
| SAN JUAN | 455 | 4.4 | 13.6 | 8.2 | 8.3 | 8.5 | 7.3 | 2.5 | 0.8 | 3.5 |
| SEATTLE | 346 | 35.1 | 52.9 | 34.5 | 5.3 | 0.7 | 2.0 | 1.5 | 0.9 | 5.1 |
| SIOUX FALLS | 438 | 24.8 | 70.3 | 73.6 | 2.0 | 4.0 | 3.7 | 2.3 | 1.0 | 9.3 |
| ST LOUIS | 331 | 54.2 | 72.9 | 76.2 | 2.0 | 2.1 | 3.7 | 2.9 | 1.8 | 3.0 |
| ST PAUL | 335 | 30.8 | 58.7 | 58.8 | 1.3 | 1.3 | 2.7 | 0.9 | 0.4 | 4.4 |
| ST PETERSBURG | 317 | 31.0 | 61.1 | 69.7 | 3.9 | 5.8 | 11.4 | 1.9 | 2.0 | 7.0 |
| TOGUS | 402 | 26.5 | 66.3 | 80.2 | 6.7 | 5.0 | 3.0 | 6.4 | 3.3 | 3.0 |
| WACO | 349 | 39.4 | 54.6 | 60.5 | 1.4 | 2.9 | 2.6 | 3.2 | 1.6 | 3.0 |
| WASHINGTON | 372 | 33.5 | 50.9 | 42.2 | 7.3 | 3.9 | 9.0 | 1.5 | 0.2 | 1.8 |
| WHITE RIVER JCT | 405 | 47.0 | 71.6 | 73.0 | 2.7 | 3.3 | 2.3 | 0.3 | 0.3 | 1.3 |
| WICHITA | 452 | 18.0 | 44.9 | 41.1 | 2.7 | 3.2 | 5.3 | 2.8 | 0.8 | 5.5 |
| WILMINGTON | 460 | 14.1 | 51.3 | 51.7 | 2.3 | 3.7 | 5.0 | 1.9 | 1.9 | 5.4 |
| WINSTON SALEM | 318 | 23.9 | 65.0 | 69.0 | 2.2 | 2.6 | 2.7 | 1.0 | 0.3 | 2.7 |
| NATIONAL ACTUALS: | | 30.0 | 52.1 | 54.4 | 1.84 | 3.75 | 5.89 | 1.51 | 1.80 | 4.46 |
| STANDARD: | | 35 | 55 | 60 | 3.00 | 3.00 | 3.50 | 4.00 | 3.00 | 6.00 |

## VVA APPENDIX B

### RATE OF ERRORS
### At "Top 13" VA Regional Offices
### Fiscal Years 1986 through 1st Quarter 1988

| | AUTHORIZATION | | | | | | | | | RATING | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Substantive | | | Material | | | Procedural | | | Substantive | | | Material | | | Procedural | | |
| | '86 | '87 | '88 | '86 | '87 | '88 | '86 | '87 | '88 | '86 | '87 | '88 | '86 | '87 | '88 | '86 | '87 | '88 |
| Atlanta | 5.7 | 4.6 | 4.5 | 7.5 | 3.7 | 3.2 | 11.6 | 6.5 | 3.7 | 1.2 | 2.2 | 0.6 | 0.9 | 0.5 | 0.3 | 11.3 | 3.1 | 1.8 |
| Chicago | 2.1 | 1.6 | 4.5 | 10.0 | 3.9 | 4.0 | 18.3 | 12.3 | 10.4 | 0.1 | 0.6 | 2.8 | 0.5 | 0.2 | 0.1 | 2.2 | 3.1 | 2.3 |
| Cleveland | 1.7 | 1.7 | 2.2 | 4.4 | 3.5 | 3.7 | 3.3 | 3.4 | 3.0 | 2.0 | 1.6 | 1.5 | 2.3 | 2.2 | 1.3 | 2.0 | 2.6 | 2.0 |
| Detroit | 2.0 | 1.9 | 2.5 | 4.4 | 2.9 | 2.3 | 22.8 | 3.3 | 2.9 | 1.0 | 1.1 | 1.1 | 1.0 | 0.7 | 0.7 | 2.4 | 2.0 | 1.3 |
| Houston | 2.9 | 2.1 | 2.9 | 4.9 | 4.8 | 3.4 | 12.1 | 11.1 | 8.1 | 3.7 | 1.5 | 1.5 | 4.6 | 2.7 | 2.2 | 9.2 | 7.0 | 6.2 |
| Los Angeles | 1.4 | 19.5 | 21.2 | 3.3 | 7.1 | 5.6 | 16.0 | 8.3 | 5.2 | 1.4 | 2.1 | 4.3 | 2.7 | 3.5 | 1.9 | 9.3 | 6.7 | 3.1 |
| New York | 2.9 | 2.2 | 2.7 | 6.6 | 4.6 | 3.5 | 8.7 | 6.5 | 4.9 | 1.2 | 1.6 | 2.4 | 3.5 | 5.2 | 3.2 | 8.4 | 7.6 | 4.9 |
| Philadelphia | 1.9 | 1.2 | 1.9 | 4.4 | 4.0 | 4.2 | 4.9 | 4.3 | 4.2 | 1.1 | 2.0 | 2.7 | 3.5 | 2.5 | 2.1 | 5.0 | 5.1 | 3.4 |
| San Francisco | 1.6 | 1.5 | 2.4 | 4.8 | 5.5 | 5.5 | 3.5 | 10.4 | 9.6 | 0.5 | 1.0 | 1.4 | 1.0 | 2.3 | 1.3 | 2.6 | 5.8 | 3.5 |
| St. Louis | 1.2 | 1.6 | 2.0 | 3.6 | 2.4 | 2.1 | 5.0 | 3.7 | 3.7 | 1.2 | 1.8 | 2.9 | 2.1 | 2.6 | 1.8 | 4.1 | 4.8 | 3.0 |
| St. Petersburg | 2.9 | 1.8 | 3.9 | 6.0 | 6.8 | 5.8 | 9.2 | 12.2 | 11.4 | 0.5 | 1.0 | 1.9 | 0.6 | 3.1 | 2.0 | 5.2 | 9.8 | 7.0 |
| Waco | 1.0 | 1.0 | 1.4 | 3.3 | 2.8 | 2.9 | 3.5 | 3.2 | 2.6 | 3.4 | 3.4 | 3.2 | 2.0 | 2.0 | 1.6 | 5.6 | 4.4 | 3.0 |
| Winston-Salem | 0.7 | 0.8 | 2.2 | 2.5 | 1.9 | 2.6 | 3.6 | 3.0 | 2.7 | 0.7 | 0.9 | 1.0 | 0.3 | 0.5 | 0.3 | 3.6 | 3.9 | 2.7 |
| Top 13 Actual | 2.1 | 3.1 | 4.1 | 5.0 | 4.1 | 3.7 | 9.4 | 6.7 | 5.5 | 1.6 | 2.1 | 1.9 | 2.1 | 1.4 | 5.4 | 5.0 | 3.4 | 3.4 |
| Nat'l Actuals | 1.76 | 1.66 | 1.84 | 4.39 | 3.69 | 3.75 | 6.4 | 4.85 | 5.89 | 1.36 | 1.73 | 1.51 | 1.81 | 1.79 | 1.80 | 5.09 | 4.70 | 4.46 |
| GOAL | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.5 | 1.5 | 2.0 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 2.0 | 2.0 | 2.0 |
| MAL Standard | 3.0 | 3.0 | 3.0 | 3.00 | 3.0 | 3.0 | 3.5 | 3.5 | 6.0 | 4.0 | 4.0 | 4.0 | 3.0 | 3.0 | 3.0 | 6.0 | 6.0 | 6.0 |

MAL = Minimum Acceptable Level

For basis of selection of "Top 13" see SQC Station Size Categories for Adjudication Divisions, VA Manual M21-4, Appendix D (October 13, 1987). The Goals and Minimum Acceptable Levels are established by VA and published at Appendix D-10. The goals were changed to be easier to reach beginning with FY 1988.

## VVA APPENDIX B (Page 2)

### TIMELINESS At "Top" 13 VA Regional Offices
**Fiscal Years 1986 through 1st Quarter 1988**

| | COMPENSATION % of claims completed within 90 days | | | PENSION % of claims completed within 90 days | | |
|---|---|---|---|---|---|---|
| | '86 | '87 | '88 | '86 | '87 | '88 |
| Atlanta | 57.0 | 46.1 | 47.0 | 64.3 | 62.6 | 62.9 |
| Chicago | 32.4 | 31.8 | 31.1 | 51.9 | 54.7 | 53.0 |
| Cleveland | 29.7 | 37.8 | 36.3 | 47.5 | 59.5 | 59.4 |
| Detroit | 42.2 | 29.9 | 28.8 | 52.8 | 41.0 | 38.2 |
| Houston | 49.0 | 22.9 | 22.0 | 64.4 | 36.3 | 32.9 |
| Los Angeles | 38.3 | 29.0 | 29.2 | 50.8 | 43.5 | 44.5 |
| New York | 26.5 | 19.7 | 19.9 | 40.4 | 30.5 | 31.6 |
| Philadelphia | 29.7 | 38.9 | 36.3 | 50.2 | 61.1 | 58.7 |
| San Francisco | 36.6 | 22.3 | 18.0 | 52.3 | 41.5 | 36.6 |
| St. Louis | 53.6 | 56.3 | 54.2 | 70.7 | 75.8 | 72.9 |
| St. Petersburg | 26.1 | 30.5 | 31.0 | 55.4 | 60.2 | 61.1 |
| Waco | 44.2 | 40.4 | 39.4 | 61.7 | 56.0 | 54.6 |
| Winston-Salem | 39.1 | 24.0 | 23.9 | 68.8 | 63.6 | 65.0 |
| | | | | | | |
| Top 13 Actual | 38.8 | 33.0 | 32.0 | 56.2 | 52.7 | 51.6 |
| Nat'l Actuals | 34.9 | 30.9 | 30.0 | 54.9 | 53.0 | 52.1 |
| **GOAL** | **50** | **50** | ???* | **70** | **50** | ???* |
| Acceptable Standard | 35 | 35 | ???* | 55 | 55 | ???* |

For basis of selection of "Top 13" see SQC Station Size Categories for Adjudication Divisions, VA Manual M21-4, Appendix D (October 13, 1987). The Goals and Acceptable Levels are established by VA and published at Appendix D. The goals noted above were not included in the VA's official chart. These goals are for End Product 110, Initial Compensation Claims, and End Product 180, Initial Pension Claims, as they existed into the Fall of 1987 when Change 36 to M21-4 was distributed to the field.

* **WARNING:** Because the goals, acceptable standards and length of period within which the VA records data changed in October 1987, there is no goal or standard available at the 90-day mark. That was eliminated and replaced with a minimum measuring period of 180 days.

Source: The figures for each VARO were extracted from a 3-page, 3-year compilation of all 58 offices provided by the VA to the Vietnam Veterans of America on May 20, 1988.

# VVA APPENDIX C

## "Top" 13 VA Regional Offices

### Initial Compensation and Pension Disability Claims Completed in Calendar Year 1987

| | |
|---|---|
| Atlanta | 4663 |
| Chicago | 4999 |
| Cleveland | 5176 |
| Detroit | 3693 |
| Houston | 4715 |
| Los Angeles | 4882 |
| New York | 4171 |
| Philadelphia | 3026 |
| San Francisco | 4585 |
| St. Louis | 2911 |
| St. Petersburg | 8692 |
| Waco | 6307 |
| Winston-Salem | 4752 |
| Total: | **62,572** |

**Total all 58 VAROs:**

**139,207**

Note: Top 13 is somewhat of a misnomer since the figures for initial compensation and pension claims for some VAROs are larger than those of the offices listed above. However, these 13 stations were selected by the VA in its SQC process.

derived from Operating Performance Report-Adjudication Division, Analysis of Overall Timeliness of Processing for month ending Dec. 31, 1987.
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## VVA APPENDIX D

### Consolidated Site Surveys conducted by VA Central Office in 1987

| | |
|---|---|
| Boston | April 6-10, 1987 |
| Buffalo | November 2-6, 1987 |
| Cheyenne | October 19-23, 1987 |
| Chicago | February 23-27, 1987 |
| Cleveland | June 1-5, 1987 |
| Denver | April 20-24, 1987 |
| Des Moines | August 24-28, 1987 |
| Houston* | |
| Indianapolis | March 9-13, 1987 |
| Jackson | November 30-December 4, 1987 |
| Lincoln | November 2-6, 1987 |
| Little Rock* | |
| Milwaukee | July 27-31, 1987 |
| Nashville | August 9-14, 1987 |
| New Orleans | May 4-8, 1987 |
| New York | June 15-19, 1987 |
| Pittsburg | February 9-13, 1987 |
| Portland | September 14-18, 1987 |
| Roanoke | September 21-25, 1987 |
| San Juan | May 18-22, 1987 |
| St. Paul | March 23-27, 1987 |
| Waco* | |
| Washington | January 27-February 2, 1987 |

*Access to these surveys was denied to VVA in March 1988.

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